



Meeting: **AUDIT & GOVERNANCE COMMITTEE**
Date: **WEDNESDAY, 27 APRIL 2022**
Time: **5.00 PM**
Venue: **COUNCIL CHAMBER - CIVIC CENTRE, DONCASTER ROAD, SELBY, YO8 9FT**
To: **Councillors K Arthur (Chair), N Reader (Vice-Chair), M Jordan, A Lee, K Franks, J Duggan, D Mackay and C Richardson**

Agenda

- 1. Apologies for Absence**
- 2. Disclosures of Interest**

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

- 3. Minutes (Pages 1 - 10)**

To confirm as a correct record the minutes of the Audit and Governance Committee held on 26 January 2022.

- 4. Chair's Address to the Audit and Governance Committee**
- 5. Audit and Governance Work Programme (Pages 11 - 14)**

To note the current Work Programme.

6. External Audit Strategy Memorandum (A/21/22) (Pages 15 - 50)

To receive the report from the Engagement Manager (Mazars), which asks the Committee to consider and note the Audit Strategy Memorandum.

7. Internal Audit, Counter Fraud and Information Governance Progress Report (A/21/23) (Pages 51 - 76)

To receive the report from the Audit Manager (Veritau), Counter Fraud Manager (Veritau) and the Information Governance Manager (Veritau), which asks the Committee to note the progress made in delivering the internal audit, counter fraud and information governance work for 2021-22.

8. Internal Audit, Counter Fraud and Information Governance Work Programmes 2022-23 (A/21/24) (Pages 77 - 98)

To receive the report from the Audit Manager (Veritau), Counter Fraud Manager (Veritau) and the Information Governance Manager (Veritau), which asks the Committee to approve the Internal Audit Work Programme 2022-23; and note the Counter Fraud and Information Governance Work Programmes 2022-23.

9. Audit and Governance Annual Report 2021-22 (A/21/25) (Pages 99 - 118)

The Committee are asked to approve the Audit and Governance Committee Annual Report 2021-22; in addition the Committee are asked to delegate authority to the Democratic Services Officer in consultation with the Chair, to update the appendix prior to publication to reflect the work undertaken at the final meeting of the municipal year.

10. Audit and Governance Work Programme 2022-23 (A/21/26) (Pages 119 - 122)

To agree items for inclusion on the Audit and Governance Committee's 2022-23 work programme.

Janet Waggott

Janet Waggott, Chief Executive

<p>Date of next meeting (5.00pm) Wednesday, 27 July 2022</p>

Enquiries relating to this agenda, please contact Dawn Drury on 01757 292065 ddrury@selby.gov.uk.

Audit & Governance Committee
Wednesday, 27 April 2022

Recording at Council Meetings

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Minutes

Audit & Governance Committee

Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 26 January 2022
Time:	5.00 pm
Present:	Councillors K Arthur (Chair), M Jordan, K Franks, Mackay and C Richardson
Officers present:	Karen Iveson (Chief Finance Officer), Abi Medic (Audit Manager, Mazars LLP), Ed Martin (Audit Manager, Veritau), Daniel Clubb (Counter Fraud Manager, Veritau, present remotely), Kirsty Bewick (Information Governance Manager, Veritau), Connor Munroe (Audit Manager, Veritau); and Dawn Drury (Democratic Services Officer)

27 APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors Duggan and Reader.

28 DISCLOSURES OF INTEREST

There were no disclosures of interest.

29 MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 29 September 2021.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 29 September 2021.

30 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

Members were asked to recall a previous update on the review of Local Audit by Sir Tony Redmond, to improve oversight of local audit and

transparency of local authority financial reporting, with one of the key issues being the timeliness of local audit.

The Committee heard that the Council had received a letter from the Department for Levelling Up, Housing and Communities and the relevant audit firms, to provide an update on action the government was taking to help tackle audit delays. The government had reiterated their view that the timely completion of local audit was a vital transparency method for the taxpayer and for sustaining public confidence in local democracy more broadly.

The letter went on to explain that for the timeliness of local audit to improve from the current situation, a collaborative approach to address the issues was required from across the whole system; to this end a new package of measures to help get the timeliness of local audit back on track had been announced and the full details had been published.

These measures covered all elements of the system, but some of the key measures committed to included:

- providing councils with £45m additional funding over the course of the next Spending Review period to provide support with the costs of strengthening their financial reporting and increased auditing requirements;
- strengthening training and qualifications options for local auditors and audit committee members;
- reviewing whether certain accounting and audit requirements could be reduced on a temporary basis, where these were of lesser risk to councils; and
- extending the 21-22 audit deadline to 30 November 2022, and then 30 September until 2027-28.

The Chairman highlighted that any changes resulting from these measures would be incorporated into future work planning and this committee would be updated on any relevant issues should this be necessary.

Members noted that Selby Council had not experienced any significant issues in the completion of the final accounts audit but acknowledged that there were many authorities that had not yet signed off their audited accounts for 2020-21 due to the impacts of Covid and remote working, but also the increasing complexity of the audit regime. Whilst the Council had not experienced major issues to date, the pressure on external audit continued to grow, and these were beginning to impact.

The Chairman extended his thanks, on behalf of the Council, to Mr Kirkham and his team at Mazars LLP, and commented that these were challenging times, however the good working relationships that had been established would continue to support us all through what was likely to be another difficult year.

31 AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the current Audit and Governance Work Programme.

In response to a query regarding the Constitutional Amendment item listed on the work programme for April Committee, and whether there was a necessity for the item to be reported to Members in view of the local government review. The Chief Finance Officer stated that the Constitutional Amendment item was a standard item on the work programme and that a report would only be presented to Members if officers considered it necessary.

RESOLVED:

To note the Work Programme.

32 ANNUAL REPORT OF INFORMATION REQUESTS 2021 (A/21/13)

The Chief Finance Officer presented the report, which provided the annual update in relation to information requests received and responded to during 2021 under the Freedom of Information Act and Environmental Information Regulations.

Members noted that the Council had maintained an 85.99 percent response rate within the response time of twenty days, which in light of the ongoing pressures faced by the Covid pandemic in 2021 was to be commended and continued to demonstrate that the way in which information requests were handled was fit for purpose.

RESOLVED:

To note the report.

33 EXTERNAL AUDITOR'S ANNUAL REPORT 2021 (A/21/14)

The Manager, Mazars LLP presented the report and highlighted that the Auditor's Annual Report summarised the external audit work undertaken for the year ended 31 March 2021.

The Committee's attention was drawn to section three of the report which included the new style value for money commentary, Members were pleased to note that no weaknesses had been identified in the Councils arrangements, and that the external auditor had nothing to report by exception.

In terms of the external auditor fees which had been set out in the Audit Strategy Memorandum, Members heard that there had been additional fee increases incurred in respect of additional work undertaken on the property, plant and equipment (PPE) valuation, the pension liability valuation and the new style value for money approach. As the Committee had heard during the Chairman's address, the government

would be providing councils with additional funding over the course of the next Spending Review period to provide support with the costs incurred by increased auditing requirements

In response to a query regarding how confident the external auditors were that all the audit work had been captured, as the work had been undertaken remotely; and if the auditors were confident with this way of working, should audits be conducted remotely in the future, the Manager, Mazars LLP stated in view of the pandemic the majority of their clients had learnt to work remotely. It was confirmed that Mazars LLP were in discussion with clients to see what suited their client's business needs, but it was felt that a hybrid situation would work well in the future.

The Chief Finance Officer agreed that conducting the audit work remotely had worked very well, however for the future a hybrid of remote and face-to-face meetings would be the preferable option.

RESOLVED:

To note the report.

34 EXTERNAL AUDIT PROGRESS REPORT (A/21/15)

The Manager, Mazars LLP presented the report which set out a summary of external audit work completed to date on the 2020-21 financial statements along with the progress made on the 2021-22 audit planning work.

The Committee noted that since the last Audit and Governance Committee meeting in September 2021 work on the 2020-21 financial statements had been completed. It was confirmed that an unqualified opinion had been issued along with a 'follow-up letter' which concluded on all the areas of outstanding work at the time of the September 2021 Committee, and the audit opinion had been issued on 1 October 2021. It was further confirmed that the work on the value for money arrangements was complete with no areas of significant weakness identified.

Members heard that work on the Housing Benefit Claim was due to commence and the Manager, Mazars highlighted that the Department for Work and Pensions (DWP) had revised the submission date for receipt of the reporting accountant's reports to 31 January 2022. However, in recognition of the challenges faced by audit firms at this time, the DWP had put in place arrangements for local authorities to request an extension if deemed necessary. It was confirmed that officers had applied to the DWP for an extension to the submission date of the 31 March 2022, but as yet a response had not been received.

In terms of the audit for 2021-22, Members were informed that planning work was scheduled to commence, and that the Audit Strategy Memorandum and the Audit Plan would be presented at the next meeting of the Audit and Governance Committee in April 2022.

RESOLVED:

To note the report.

35 INTERNAL AUDIT, COUNTER FRAUD AND INFORMATION GOVERNANCE PROGRESS REPORT 2021/22 (A/21/16)

The Audit Manager, Veritau presented the quarterly report which provided the Committee with an update on the delivery of the internal audit work plan for 2021-22, along with an update on the counter fraud and information governance work undertaken to date in 2021-22.

The Committee were informed that nine 2021-22 audits were in progress. It was highlighted that at the onset of the pandemic, it had been agreed with the Leadership Team to concentrate resources on following up higher priority actions and normal activity had been suspended. Members noted that normal follow up activity had now been resumed therefore actions that remained outstanding would be escalated as appropriate.

The Audit Manager, Veritau provided an update on the Limited Assurance report which had been brought to Committee in September 2021, in relation to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS), it was noted that the new income management system procured from Civica to enable PCI DSS compliance had gone “live” today and therefore the issue had been resolved. In terms of Performance Management, this action was still ongoing, but should be completed by the next Committee in April 2022.

In relation to Information Technology (IT) and the considerable effort to ensure that officers had the correct technology resources, were trained to work from home, and facilitate and attend remote meetings, Members queried if Veritau had undertaken checks in this area of work. It was confirmed that audit work was due to commence on IT, to look at the effective management of those assets, and once the audit had been completed the summary and findings would be brought to Committee in April 2022.

The Counter Fraud Manager, Veritau presented the section of the report related to the Council’s counter fraud activity 2021-22.

The Committee heard that there had been an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to Council suppliers. To combat this the counter fraud team were reviewing the Council’s processes for verifying changes to supplier’s details, to ensure the process was robust enough to counter the latest threats posed by fraudsters.

Members noted that the Revenue and Benefits team had benefitted from fraud awareness training sessions: in addition, two campaigns had been undertaken to raise awareness of fraud with officers and members of the public, to inform them of how to report fraud if they suspected it was

taking place.

The Committee were informed that in December 2021 the Chancellor had announced an additional support scheme for the hospitality and leisure sector, the counter fraud team had supported officers with pre and post payment assurance work and investigated potential suspected frauds highlighted when officers verified the applications.

In terms of housing fraud, Members noted that investigative work had supported the recovery of a council property which would be made available to a prospective tenant on the housing waiting list.

The Information Governance Manager, Veritau drew the Committee's attention to Annex 3 of the report which provided an update on Information Governance matters, to include the General Data Protection Regulation (GDPR) action plan.

Members were informed that to date, 24 privacy notices had been reviewed, the relevant changes applied and once finalised would be published; and the amended Information Governance Policies had been approved and published onto the Council website.

In terms of officer training, dates were in the process of being identified to provide online training sessions on subjects to include Records Management, Data Protection Rights and Principles and a new session around Data Protection Impact Assessments. A virtual law enforcement training course was now available for selected officers and had been specifically designed to meet the requirements of the Council.

RESOLVED:

To note progress on delivery of internal audit, counter fraud and information governance work, and the plans for work to be completed in 2021-22.

36 REVIEW OF THE RISK MANAGEMENT STRATEGY (A/21/17)

The Audit Manager, Veritau presented the annual report, which set out the reviewed strategy for managing risk within Selby District Council following consultation with the Leadership Team.

The Committee noted that the strategy still aligned with best practice and the objectives of the Council in terms of corporate priorities, therefore the strategy remained unchanged following the review.

Members requested that should changes be identified to the strategy during future risk management reviews that said changes be highlighted, for ease of reading, at the beginning of the report.

Discussion took place regarding the forecast for inflation, interest rate increases, the rising cost of living and the potential for a recession that would impact on both social and political risks. Members were informed that the risk categories were there for guidance and that some risks fell

into more than one category, if this was the case, the risk would be analysed and assessed, and controls would be implemented to reduce the impact of the risk.

RESOLVED:

To note the revisions to the Risk Management Strategy.

37 CORPORATE RISK REGISTER (A/21/18)

The Committee received the report, presented by the Audit Manager, Veritau who explained that this report contained the twice-yearly update on movements within the Corporate Risk Register, which was last reported to the Committee in July 2021.

The Committee was informed that there was a total of 12 risks on the Council's Corporate Risk Register for 2021-2022, with no new risks being added. It was highlighted that the Local Government Reorganisation (LGR) risk had been updated to reflect the government announcement that the unitary North Yorkshire proposal had been accepted, which offered increased clarity around plans for the future.

Members noted that the Economic Environment and Managing Customer Expectations risks had both reduced to a score of 6 following the latest assessments; these were as a result of a stronger than anticipated economic performance, the re-commencement of face-to-face appointments for the most vulnerable, and the return of reception provision at the Civic Centre.

Members heard that the Corporate Risk Register included four risks with a score of 12 or more (high risk), these were closely monitored on an ongoing basis.

The Committee asked a number of questions in relation to the Local Government Reorganisation, the need for it to be considered as a risk and what would happen to the approved projects on which work had not commenced, as yet. The Chief Finance Officer explained that the risk lay in the Council not being able to deliver on the projects that it had said would be accomplished on the Council's Corporate Plan, and the impact this would have for the district. In terms of planned projects that had not commenced once the new Council came into effect, it was confirmed that these projects would then be for the new unitary authority to determine whether the project was a priority for them and whether to continue with the project.

In response to a query from the Chairman, as to why there was not a risk included on the risk register in relation to the cost of living or inflation, the Chief Finance Officer stated that these two risks were covered under the financial resources risk; this risk carried a score of 16 making it one of the highest scoring risks on the corporate risk register.

RESOLVED:

To note the current status of the Corporate Risk Register.

At this point in the meeting, Councillor Mike Jordan left the meeting and did not return.

38 COUNTER FRAUD FRAMEWORK UPDATE (A/21/19)

The Corporate Fraud Manager, Veritau presented the annual report, which updated the Committee on the review of the Council's Fraud and Corruption Policy, and the recommendation to update the policy to include specific anti-bribery provisions. The report also provided an update on progress against the actions set out in the counter fraud strategy and presented an updated counter fraud risk assessment which reflected the current fraud risks facing the Council.

Members were informed that the Covid-19 pandemic had created new online opportunities for potential fraudsters to attack public sector organisations, private businesses, and members of the public. In response to the threat of cybercrime the government had introduced an improved national fraud and cybercrime reporting system to replace the Action Fraud organisation, which would increase intelligence sharing between national and local agencies to help combat fraud.

The Committee were assured that as the Council had been responsible for administering support payments to business and residents during the pandemic, robust application processes and verification checks had been established from the onset to minimise the impact of fraudulent attempts to claim funds.

Members noted that the counter fraud team liaised with external agencies such as the National Anti-Fraud Network, and National Investigation Service to help identify potential fraud and contribute to the central investigation of organised crime.

The Committee heard that a review of the fraud risk assessment had been undertaken, and it was highlighted that two changes had been made in the risk rating. Firstly, Covid-19 grant frauds had been reduced from high risk to a medium risk due to a reduction in the number of schemes available, the value of the amounts payable, an increase in tools available to officers to verify the payments and the experience gained by officers from administering the schemes to date. The theft of assets risk had also been downgraded from a high risk to a medium risk, this was as a result of the easing of Covid-19 related restrictions and increased staff presence at Council premises.

Members acknowledged that raising officers' awareness of fraud was key to identifying and tackling fraud, and noted that training aimed at cybersecurity awareness, and a campaign to raise awareness of bribery and corruption would be delivered to officers during the coming year.

RESOLVED:

- i. **To recommend that the Executive approve the updated Counter Fraud and Corruption Policy.**
- ii. **To note the updated Fraud Risk Assessment and Counter Fraud Strategy Action Plan.**

39 ANNUAL GOVERNANCE STATEMENT ACTION PLAN REVIEW 2020-21 (A/21/20)

The Chief Finance Officer presented the report, which updated the Committee on progress on the Annual Governance Statement (AGS) 2020-21 Action Plan approved in September 2021.

Members heard that the report contained two progress updates in relation to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS) and Performance Management.

The Committee was informed that the new income management system procured from Civica to enable PCI DSS compliance had experienced delays, however, has had already been identified in an earlier item, the new system had gone “live” today and therefore the issue had been resolved.

In terms of Performance Management, Members noted that some progress against the approved action plan had been made although the actions were on-going due to a variety of circumstances and a further revised deadline had been agreed.

RESOLVED:

To note the progress made against the Action Plan for the Annual Governance Statement 2020-21.

40 PROCUREMENT OF EXTERNAL AUDIT FOR THE PERIOD 2023-24 TO 2027-28 (A/21/21)

The Chief Finance Officer presented the report, which set out proposals for appointing the external auditor to the Council for the accounts, for the five-year period from 2023-24.

The Committee were informed that the current auditor appointment arrangements covered the period up to and including the audit of the 2022-23 accounts, as the Council had opted into the ‘appointing person’ national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018-19 to 2022-23.

The Chief Finance Officer explained that the PSAA was now undertaking a procurement for the next appointing period, covering audits for 2023-24 to 2027-28, and had advised that existing councils could, if they chose to do so, opt-in to the arrangements in case the local government reorganisation (LGR) should be delayed for any reason.

It was further explained that the section 151 Officers of all eight Councils in North Yorkshire had looked at the alternative options, and although the Council could elect to appoint its own external auditor, given the transition to a new unitary council from 1 April 2023 it had been decided that the sector-wide procurement conducted by PSAA would, on balance, deliver the best value for money and produce better outcomes for the Council.

Members noted that if the Council wished to take advantage of the national auditor appointment arrangements, then the final decision would be taken at full Council.

RESOLVED:

To recommend that Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

The meeting closed at 6.06 pm.



Audit Committee Work Programme 2021-22

Date of Meeting	Topic	Action Required
27 July 2021	Review of Action Log	To consider the latest Action Log
	External Audit Progress Report	To review the progress of the external auditor
	Draft Annual Governance Statement (AGS) 2020-21	To comment and note the draft Annual Governance Statement 2020-21
	Annual Report of the Head of Internal Audit 2020-21	To consider and note the Annual Report of the Head of Internal Audit 2020-21. To note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards To note the counter fraud and information governance work undertaken during the year.
	Risk Management Annual Report 2020-21	To consider and note the Risk Management Annual Report for 2020-21, and the proposed actions for 2021-22.
	Corporate Risk Register 2021-22	To review and note the Corporate Risk Register.

29 September 2021	Review of Action Log	To consider the latest Action Log
	Corporate Complaints & Compliments Annual Report, April 2019 - March 2020 & April 2020 - March 2021 and Local Authority Ombudsman Annual Review Letter 2021	To provide comments and note the Corporate Complaints & Compliments Annual Report and the Local Authority Ombudsman Review Letter 2021
	External Audit Completion Report 2020-21	To receive the Audit Completion Report from the external auditors
	Statement of Accounts 2020-21	To approve the Statement of Accounts for the financial year 2020-21
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Corporate Policy: Regulation of Investigatory Powers Act 2000, Version: 2021	To note the revised draft RIPA Policy intended to take effect from 1 st October 2021
	Corporate Policy & Guidance: Surveillance Overview Document and the Overt Surveillance Policy: Version: 2021	To note the Overt Surveillance Policy
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

26 January 2022	Review of Action Log	To consider the latest Action Log
	Information Requests Annual Report 2021	To note the annual report for 2021 in relation to information requests
	External Auditor's Annual Report	To consider the External Auditor's Annual Report.
	External Audit Progress Report	To review the progress of the external auditor
	Review of the Risk Management Strategy	To note the Risk Management Strategy
	Corporate Risk Register 2021-22	To note the current status of the Corporate Risk Register
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Counter Fraud Framework Update	To recommend the Executive approve the updated Counter Fraud and Corruption Policy and comment on and note the updated counter fraud risk assessment, and counter fraud strategy action plan.
	Procurement of External Audit for the period 2023/24 to 2027/28	To recommend to Council that Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.
	Annual Governance Statement 2020-21 - Action Plan Review	To review progress on the Annual Governance Statement Action Plan 2020-21
Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'	

27 April 2022	External Audit Strategy Memorandum	To review the external Audit Strategy
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Internal Audit, Counter Fraud and Information Governance Plan 2022-23	To approve the Internal Audit, Counter Fraud and Information Governance plans 2022-23
	Audit & Governance Annual Report 2021-22	To approve the 2021-22 Annual Report of the Audit and Governance Committee
	Audit & Governance Work Programme 2022-23	To approve the Audit and Governance Committee Work Programme for 2022-23

Agenda Item 6



Report Reference Number: A/21/22

To: Audit and Governance Committee
Date: 27 April 2022
Author: Dawn Drury, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: External Audit Strategy Memorandum

Summary:

The Audit Strategy Memorandum from the external auditor, Mazars, is provided for comment and noting.

Recommendations:

To consider the Audit Strategy Memorandum.

Reasons for recommendation

The Audit and Governance Committee is required, in accordance with Part 3 of the Constitution, to consider reports of the external auditor and inspection agencies relating to the actions of the Council.

1. Introduction and background

1.1 The report has been submitted by the external Auditor, Mazars and sets out the audit plan in respect of Selby District Council for the year ending 31 March 2022. The report forms the basis for discussion at the Audit and Governance Committee meeting.

2 The Report

2.1 The Audit Strategy Memorandum is attached at Appendix A and sets out the proposed audit approach in respect of the year ending 31 March 2022.

2.2 The audit will be delivered in four main phases, as detailed in the report and is expected to be completed by September 2022, in accordance with the statutory deadlines.

- 2.3 The Committee will have the opportunity to ask questions of officers and the external auditors at the meeting.

3 Legal/Financial Controls and other Policy matters

- 3.1 None.

4. Conclusion

- 4.1 The Committee is asked to consider the report.

5. Background Documents

None.

Contact Officer:

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Appendices:

A – Audit Strategy Memorandum

Audit Strategy Memorandum

Selby District Council

Year ending 31 March 2022

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This document is to be regarded as confidential to Selby District Council. It has been prepared for the sole use of Audit and Governance Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Audit and Governance Committee
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Civic Centre
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Selby
North Yorkshire
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Mazars LLP
5th Floor, 3 Wellington Place
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LS1 4AP

April 2022

Dear Audit and Governance Committee Members

Audit Strategy Memorandum – Year ending 31 March 2022

We are pleased to present our Audit Strategy Memorandum for Selby District Council for the year ending 31 March 2022. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- Reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Selby District Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, but subject to completion of our full planning procedures, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0113 394 5315.

Yours faithfully

Signed: `{{_es_:signer1:signature}}`

Mark Kirkham

Mazars LLP

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: 839 8356 73

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Section 01:

Engagement and responsibilities summary

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1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Selby District Council (the Council) for the year to 31 March 2022. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or Audit and Governance Committee, as Those Charged With Governance, of their responsibilities.

The Chief Finance Officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence and conclude on: a) whether material uncertainty related to going concern exists; and b) the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

Fraud

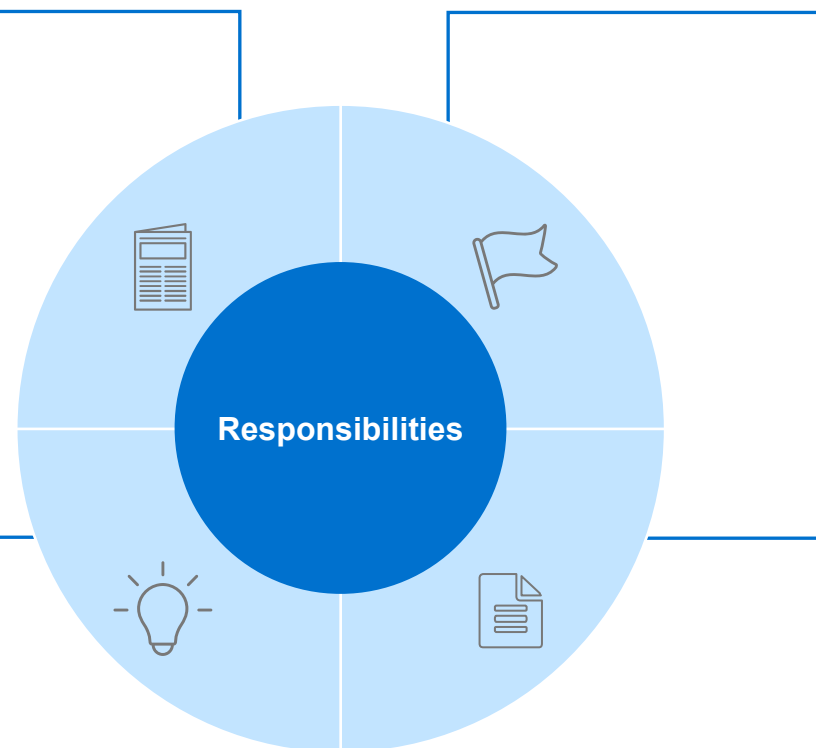
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of Those Charged With Governance, including key management and Internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Our audit, however, should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

Significant risks and key judgement areas

Value for money

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendices

02

Section 02:

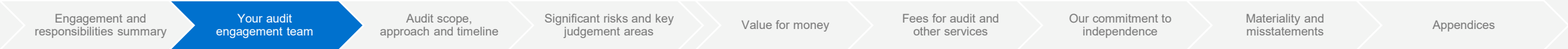
Your audit engagement team

2. Your audit engagement team

Your external audit service continues to be led by Mark Kirkham. A summary of key team members are detailed below:

Who	Role	E-mail
Mark Kirkham	Engagement Lead	mark.kirkham@mazars.co.uk
Abi Medic	Engagement Manager	abi.medic@mazars.co.uk
Rebecca Williams	Engagement Assistant Manager	rebecca.williams@mazars.co.uk

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03

Section 03:

Audit scope, approach and timeline

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3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

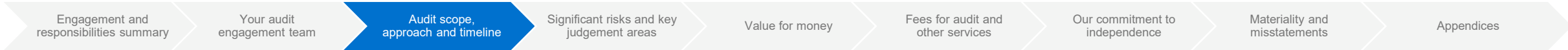
Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



3. Audit scope, approach and timeline

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Planning April 2022

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Completion September 2022

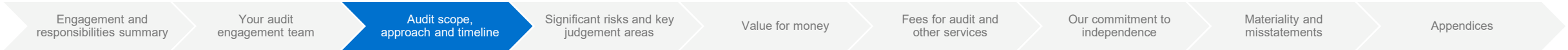
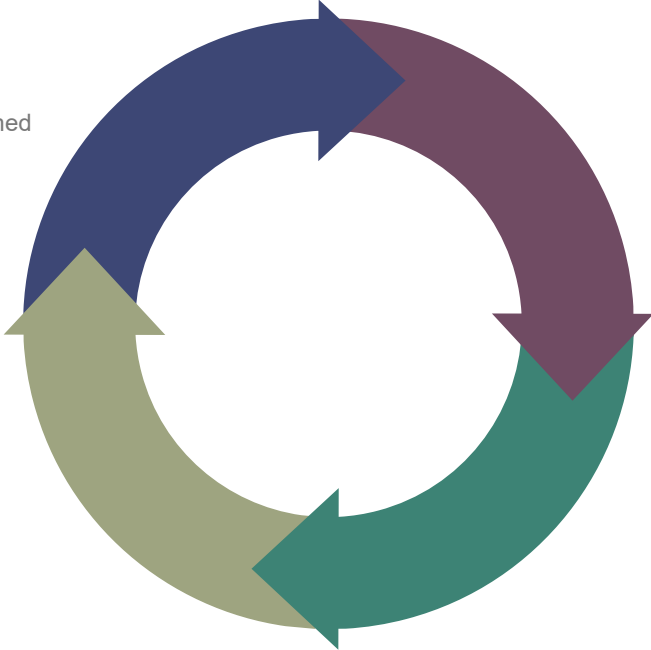
- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Audit and Governance Committee
- Reviewing subsequent events
- Signing the auditor’s report

Interim April 2022

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork August – September 2022

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting



3. Audit scope, approach and timeline

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management’s and our experts

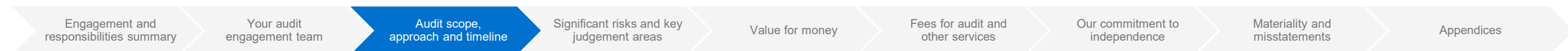
Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management’s expert	Our expert
Defined benefit pension liability	Actuary (Aon Hewitt)	NAO’s consulting partner (PWC)
Property, plant and equipment valuation	Align Property Partners	We will take into account relevant information which is available from third parties
Financial Instruments	Link Asset Services	No expert required

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the [Council] that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the [Council] and our planned audit approach.

Items of account	Service organisation	Audit approach
Payroll	North Yorkshire County Council (NYCC)	Although some officers are employed by NYCC, and some systems are maintained by NYCC, we have sufficient access to conduct our audit of Selby District Council. We will perform substantive tests of detail on the information provided to and received from NYCC and also inspect payroll reconciliations.
IT	North Yorkshire Council (NYCC)	Although Selby District Council maintains a small, internal IT team (who administer the applications used by the Council), services such as the hosting of servers, databases, back up and disaster recovery are outsourced to NYCC. We do not plan to rely on tests of control as part of our audit approach but will perform detailed IT audit work over the IT systems as a whole at Selby District Council.



04

Section 04:

Significant risks and other key judgement areas

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4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

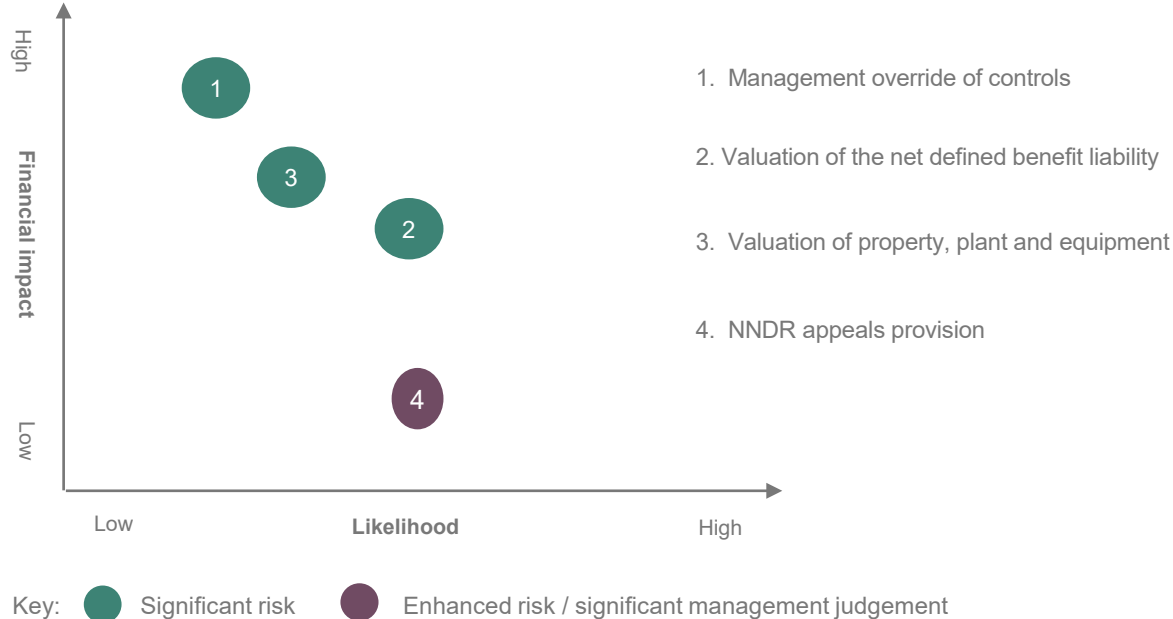
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the [Council]. We have summarised our audit response to these risks on the next page.



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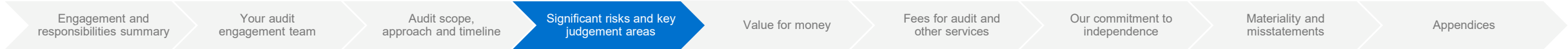
4. Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

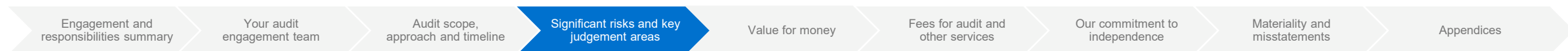
	Description	Fraud	Error	Judgement	Planned response
1 Page 30	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk by performing audit work on accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
Page 31	<p>2 Net defined benefit liability valuation</p> <p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the Council's arrangements (including relevant controls) for making estimates in relation to pension entries within the financial statements; and • consider the reasonableness of the actuary's assumptions that underpin the relevant entries made in your financial statements, through the use of an expert commissioned by the National Audit Office.
	<p>Valuation of property, plant and equipment</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of PPE and investment properties.</p> <p>Although the Council engages a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE as a result of the significant judgements and number of variables involved. We have therefore identified the revaluation of PPE to be an area of risk</p>	○	●	●	<p>We plan to address this risk by carrying out the following procedures:</p> <ul style="list-style-type: none"> • consider the Council's arrangements for ensuring that PPE values are reasonable; • challenge the reasonableness of the valuations provided by the Council's valuer using other sources of data; • assess the competence, skills and experience of the valuer and the instructions issued to the valuer; and • where necessary, perform further audit procedures on individual assets to ensure the basis of valuations is appropriate; and • consider the Council's approach to addressing the risk that asset not revalued in year are materially misstated.

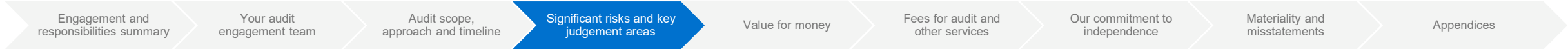


4. Significant risks and other key judgement areas

Other key areas of management judgement and enhanced risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>NNDR appeals provision</p> <p>The Council's NNDR appeals provision is a material provision within the balance sheet. Officers are required to use their judgement in order to create a reasonable basis for the provision that takes into account the numbers of appeals lodged and the likelihood of appeals being upheld. The judgements required result in an increased risk of misstatement.</p>	●	●	●	We plan to address this enhanced risk by reviewing the basis for the judgements used in creating the provision, including ensuring the estimate is based upon appropriate evidence and assessing the reasonableness of any assumptions used.

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05

Section 05: **Value for money**

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5. Value for money arrangements

The framework for our work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

2021/22 will be the second audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

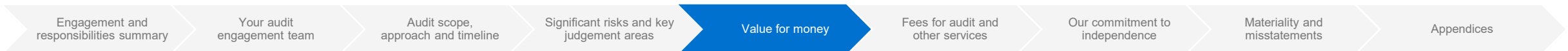
Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services.
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks.
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.



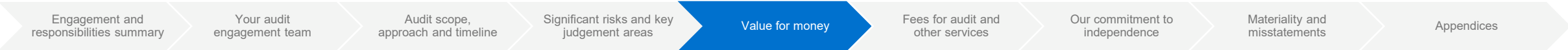
5. Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, we did not identify any risks of significant weaknesses in arrangements in the Auditor's Annual Report that we issued in January 2022 and we are not aware of any significant changes in arrangements that indicate the potential for significant weaknesses since that report. We will report any identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

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06

Section 06:

Fees for audit and other services

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6. Fees for audit and other services

Fees for work as the Council's appointed auditor

Area of work	2021/22 Proposed Fee	2020/21 Actual Fee
Scale fee ¹	£34,425	£34,425
Fee variations - opinion	To be confirmed	£9,800 ²
Fee variations – value for money	To be confirmed	£9,000 ³
Total	To be confirmed	£53,225

¹ This scale fee was initially set by PSAA in 2018.

² The additional audit cost in 2020/21 relates to additional testing of property valuations, enhanced pension liability procedures in response to increased regulatory expectations. This work is required on an annual basis so an additional fee will be required until the scale fee reflects the audit time needed..

³ The additional audit cost in 2020/21 relates to the additional work required to support the value for money reporting required by the new Code of Audit Practice.

⁴ Our work on the Housing Benefits Subsidy for 2020/21 is still in progress.

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2021/22 Proposed Fee	2020/21 Actual Fee
Housing Benefits Subsidy Assurance	To be confirmed	£14,000 ⁴

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07

Section 07:

Our commitment to independence

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7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- approval by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

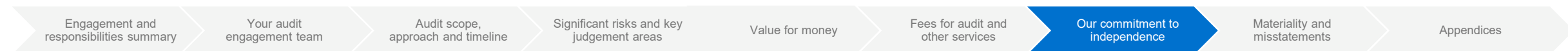
We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Kirkham in the first instance.

Prior to the provision of any non-audit services Mark Kirkham will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Principal threats to our independence and identified associated safeguards are set out in the table on the following page.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

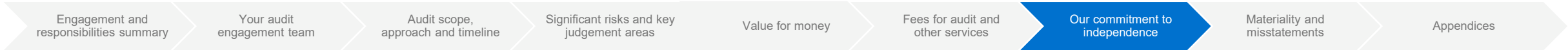
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7. Our commitment to independence

Area	Perceived threat	Safeguards and procedures
Assurance services: Housing Benefits Subsidy Assurance (if engaged)	Self Review	No threat identified. None of the engagements result in the auditor providing accounting services to the Council.
	Self interest	No threat identified. The fees for each of the engagements is neither significant to Mazars LLP nor the Council. Safeguards include clear rules set by PSAA which limit additional services an external auditor can provide.
	Management	No threat identified as none of the engagements require the auditor to make decisions on behalf of the Council.
	Advocacy	No threat identified as none of the engagements require the auditor advocating a position on behalf of the Council.
	Familiarity	No threat identified. Safeguards include firm policies and procedures detailed on previous page.
	Intimidation	No threat identified.

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08

Section 08:

Materiality and misstatements

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8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	1,163
Performance materiality	931
Specific materiality:	
Senior officers remuneration	5*
Termination payments	50
Members allowances	25
Related parties	50
Total threshold for errors to be reported to Audit and Governance Committee	35

* Reflecting the movement of one banding

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

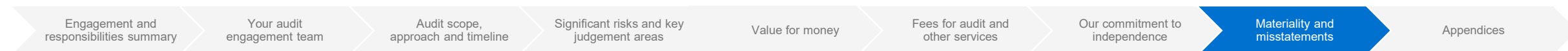
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of approximately 2% of Gross Revenue Expenditure (at Surplus/deficit on Provision of services level). We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to Audit and Governance Committee.

We consider that the 2% of Gross Revenue Expenditure (at Surplus/deficit on Provision of services level) remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 2% of Gross Revenue Expenditure (at Surplus/deficit on Provision of Services level). Based on prior year gross expenditure we anticipate the overall materiality for the year ending 31 March 2022 to be in the region of £1.1m (£1.1m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Misstatements

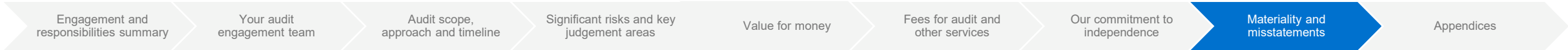
We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit and Governance Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is

£35k based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Mark Kirkham.

Reporting to Audit and Governance Committee

The following three types of audit differences above the trivial threshold will be presented to Audit and Governance Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





Appendix: Key communication points

Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

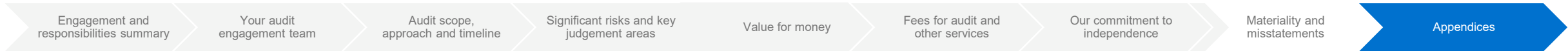
Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements.
- The planned scope and timing of the audit.
- Significant audit risks and areas of management judgement.

- Our commitment to independence.
- Responsibilities for preventing and detecting errors.
- Materiality and misstatements.
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control.
- Significant findings from the audit.
- Significant matters discussed with management.
- Our conclusions on the significant audit risks and areas of management judgement.
- Summary of misstatements.
- Management representation letter.
- Our proposed draft audit report.
- Independence.

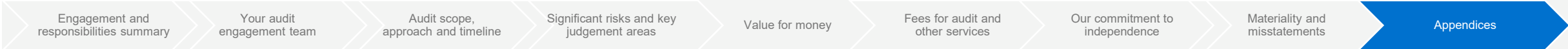


Appendix: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

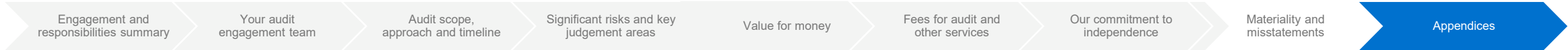
Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of the Audit and Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Audit and Governance Committee, Audit planning and clearance meetings

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Appendix: Key communication points

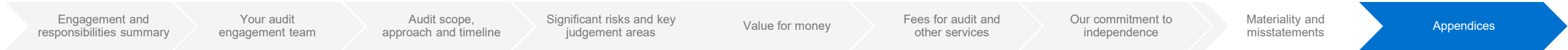
Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Audit and Governance Committee in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



Appendix: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • whether the events or conditions constitute a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • the adequacy of related disclosures in the financial statements. 	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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Report Reference Number: A/21/23

To: Audit and Governance Committee
Date: 27 April 2022
Authors: Ed Martin; Audit Manager – Veritau
Daniel Clubb; Counter Fraud Manager – Veritau
Kirsty Bewick; Information Governance
Manager – Veritau
Lead Officer: Karen Iveson; Chief Finance Officer

**Title: Internal Audit, Counter Fraud and Information Governance
Progress Report 2021/22**

Summary:

The purpose of the report is to provide an update on the delivery of the internal audit work plan for 2021/22. The report also updates the committee on counter fraud and information governance work undertaken so far in 2021/22.

Recommendation:

That the committee:

- (i) note progress on delivery of internal audit, counter fraud and information governance work and the plans for work to be completed.

Reasons for recommendation

To enable the committee to fulfil its responsibility to review the outcomes from internal audit and other governance related work undertaken by Veritau – including any issues arising, and action being taken.

1. Introduction and background

- 1.1 The provision of internal audit is a statutory requirement (Accounts & Audit Regulations 2015).
- 1.2 The Audit and Governance Committee approved the internal audit, counter fraud and information governance plans for 2021/22 at the meeting held on 21 April 2021.

- 1.3 The purpose of this report is to update the committee on internal audit, information governance and counter fraud work up to March 2022.

2. The Report

- 2.1 Details of internal audit, counter fraud and information governance work undertaken in 2021/22 are included in the reports at annexes 1 to 3 respectively.

Internal Audit

- 2.2 Veritau carries out internal audit work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3 Internal audit provides assurance on corporate governance arrangements, internal control and risk management to the Council's leadership team and this committee.
- 2.4 Annex 1 provides details of the completed and ongoing internal audit work as well as plans for audit work to be completed in the remainder of 2021/22.

Counter Fraud

- 2.5 Annex 2 contains the counter fraud progress report. Details are provided on activity undertaken to promote awareness of fraud, ongoing work with external agencies, and the level of fraud reported to date.

Information Governance

- 2.6 Information governance provides advice and assurance on compliance with the UK GDPR and Data Protection Act 2018. This includes the Information Asset Register, Privacy Notices, Data Protection Impact Assessments and project specific advice. Work is now being aligned with the LGR workstreams. As part of an agreed extension to support, Veritau now undertakes the day-to-day management and coordination of the information governance action plan and provides advice and assistance to the Council's SIRO (Senior Information Risk Owner).
- 2.7 Action is ongoing to address UK GDPR compliance. Information Asset Registers are now substantially complete and the information governance policy framework review has been updated, with new policies being approved. The information governance action plan has been updated in light of LGR and progress has continued to be reported to CIGG.
- 2.8 Work on reviewing privacy notices and implementing any necessary changes continues. Work is being aligned with similar work at other North Yorkshire councils as part of the preparations for LGR.

- 2.9 Veritau continues to provide advice on the completion of data protection impact assessments.
- 2.10 A detailed summary of information governance activity and arrangements is included in annex 3.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1 Work is in progress on 2021/22 audits. The findings from all audits in progress will be reported on in our annual Head of Internal Audit report.
- 4.2 The counter fraud team undertakes a range of activities to support delivery of the Council's counter fraud strategy. Fraud reported to the team is investigated and progress is regularly reported to the committee.
- 4.3 An action plan is in place to deliver information governance work on behalf of the Council; this is overseen by the Council's CIGG. Regular liaison takes place with the Council's Senior Information Risk Owner (SIRO) and regular updates are reported to this committee.

Background Documents

None

Appendices: Annex 1: Internal audit progress report – April 2022

Annex 2: Counter fraud progress report – April 2022

Annex 3: Information governance progress report – April 2022

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INTERNAL AUDIT PROGRESS REPORT 2021/22

Date: 27 April 2022

Annex 1



BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit, Governance and Standards Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in April 2021. The number of agreed days is 375 (including time for risk management facilitation) and the plan is flexible in nature.
- 5 In 2021/22 Veritau introduced a new, flexible approach to work programme development and delivery to keep pace with developments in the internal audit profession and ensure that we can continue to deliver a responsive service. Work is being kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the Council.
- 6 The purpose of this report is to update the committee on internal activity between 1 April 2021 and 8 April 2022.



INTERNAL AUDIT PROGRESS

- 7 As noted in previous reports to this committee, the Covid-19 pandemic meant there was 2020/21 work outstanding at the start of the year and much of the time in the first part of the year was spent finalising that work.
- 8 Work is ongoing on a number of 2021/22 audits. Fieldwork has been completed for the payroll audit and a draft report will be issued very shortly. A draft report has been issued for the Homes England compliance review.
- 9 Fieldwork is underway on a number of other audits, including general ledger, ICT asset management and council house repairs and maintenance.
- 10 Planning and early stages of fieldwork is underway for a number of audits, including key financial systems. Fieldwork for these audits will be substantially completed in this audit year and we expect to be able to report on the findings from all audits in progress in our annual Head of Internal Audit report.

- 11 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A.
- 12 The work programme setting out current priorities for internal audit work is included at appendix B. All of the work classed as do now will be completed as part of the 2021/22 work programme. We have also reviewed the priority of all areas classed as do next and do later. A number of these will be completed as part of the current year's work programme. Others that remain a priority are included in the draft work programme for 2022/23.
- 13 One audit has been completed since the last report to this committee in January 2022. Appendix C summarises the findings from this audit.
- 14 Appendix D lists our current definitions for action priorities and overall assurance levels.



FOLLOW UP

- 15 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 16 A summary of the current status of follow up activity is at appendix E. The proportion of actions implemented is now increasing, though is still a little lower than might normally be expected, due to the continuing impact of the Covid pandemic. We anticipate Local Government Reorganisation (LGR) will affect implementation of some actions; for example, it may not be efficient or effective to implement significant changes in policies or systems. Where this is the case, actions will be discussed with officers to agree how any issues and risks can be efficiently and effectively managed in the lead up to LGR.

APPENDIX A: 2021/22 INTERNAL AUDIT WORK

Audits in progress

Audit	Status
Payroll	In progress
General ledger	In progress
ICT asset management	In progress
Council House Repairs and Maintenance	In progress
Health and safety – homeworking	In progress
Information security at home	In progress
Homes England	Draft report issued
Council Tax & NNDR	In progress
Debtors	Planning

Final reports issued

Audit	Reported to Committee	Opinion
Creditors	September 2021	Limited Assurance
Debtors	September 2021	Substantial Assurance
Housing Rents	September 2021	Substantial Assurance
Community Infrastructure Levy	September 2021	Reasonable Assurance
Housing Benefits & Council Tax Support	January 2022	Substantial Assurance
Council Tax & NNDR	January 2022	Substantial Assurance
Pooling of housing capital receipts	February 2022	No opinion given

Other work in 2021/22

Internal audit work is undertaken in other areas during the year, including:

- Certification of the Local Authority Covid Compliance and Enforcement Grant

APPENDIX B: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit	Status		
	Do now	Do next	Do later
Strategic risks / corporate & cross-cutting			
Health and safety – homeworking	✓		
Information security at home	✓		
LGR related work (including projects, contract management, financial procedure rules and decision making)			✓
Fundamental / material systems			
Payroll	✓		
General ledger	✓		
Council Tax & NNDR	✓		
Debtors	✓		
Creditors		✓	
Housing Rents		✓	
Benefits		✓	
Operational / regularity			
Homes England	✓		
Council house repairs and maintenance	✓		
Environmental health			✓
Planning (inc. s106 & CIL)			✓
Homelessness / housing options			✓
Technical / projects			
ICT asset management	✓		
Cyber security			✓

Further explanation on the work status

The programme of work is subject to ongoing review and is adjusted in response to changes in the Council's activities, risks, operations, systems and controls. During the year, planned work is prioritised on the basis of:

- Do now – work of the highest value, priority, or urgency
- Do next – work to be started after current audit work is completed
- Do later – work to be scheduled for consideration later in the year

Changes in the priority and timings of work are agreed with cCouncil officers.

Individual audit assignments can also move between the categories as required.

APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Area reviewed	Assurance rating	Comments	Management actions agreed
Pooling of Housing Capital Receipts return 2020-21 (February 2022)	An annual review of the council's return to the Dept for Levelling Up, Housing and Communities (DLUHC).	No opinion given	<p>All necessary checks and tests were completed and discussed with the responsible finance officer.</p> <p>The required letter reporting findings was provided to DLUHC with no significant issues noted.</p> <p>The only issue that was noted was that, due to the pandemic, the Pooling Return form had not been physically signed by the Responsible Finance Officer (Head of Finance). A supporting email from the Responsible Finance Officer (Head of Finance) was written to confirm the figures on the Pooling Return form were correct.</p>	None required

APPENDIX D: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include target dates and internal audit carry out follow up work to check that the issue has been resolved once these target dates are reached. Where managers have not taken the action they agreed to, issues may be escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.

Actions followed up

A total of 51 outstanding agreed actions as a result of internal audit work completed were due for implementation up to March 2022. Of these, it has been confirmed that 25 have been satisfactorily implemented; Revised dates have been agreed for 5 actions; this is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, delays are unavoidable. A small number of actions are now considered redundant, for example, where systems or processes have changed so that they are no longer exposed to risks. Follow up work is still in progress for the remaining actions.

Summary of actions status and priorities:

Actions agreed		Action Priority		
Action status	Total Number	1	2	3
Actions now implemented	25	1	13	11
Revised date agreed	8	0	5	3
Redundant / superseded	3	0	3	0
Follow up in progress	11	0	9	2
Actions not yet followed up	4	0	2	2
Total	51	1	32	18

HIGHER PRIORITY ACTIONS WITH REVISED DATES OF MORE THAN 12 MONTHS FROM ORIGINALLY AGREED DATE

Audit	Agreed Action	Priority Rating	Responsible Officer	Due	Notes / Update
Payment Card Industry Data Security Standard (PCI DSS)	New software purchased as old system ceased to be supported. Implementation of new software should resolve PCI DSS issues. Management responsibility has been defined. Responsibility for completing annual PCI DSS assessment to be assigned.	1	Head of Business Development and Improvement	Revised date: February 2022 (previously December 2020 and July 2021)	The new income management system (CivicaPay) which was required to enable PCI DSS compliance went live in January 2022 (as per the verbal update provided to the January meeting of audit and governance committee).
Performance Management	HR to undertake QA review of sample of PDRs Return rate of PDRs to be monitored & all PDRs reviewed and returned to manager if not complete. Training plan to be completed promptly following PDR process.	2	Head of Business Development and Improvement	Revised date: February 2022 (previously December 2020 and June 2021)	A significant push was undertaken in late 2021 to encourage managers to complete and return PDRs. Multiple reminders were issued. As of January 2022, 51% of PDRs were returned. This is still not satisfactory and has been raised at Leadership Team, included in the Manager Forum and at all staff briefings. Action will continue to be taken to ensure PDRs are completed. A Training Plan was compiled and Leadership Team reviewed requests for qualification training in March 2022. Staff were informed of the outcome of their qualification training requests in April 2022.

Audit	Agreed Action	Priority Rating	Responsible Officer	Due	Notes / Update
					Due to LGR, there are no further plans to review the PDR process but managers will still need to undertake performance reviews with their teams during 2022-23.

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 27 April 2022

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. A total of 105 days of counter fraud work was agreed for 2021/22. This time has been used to investigate allegations of fraud, plan and take part in counter fraud campaigns, undertake fraud awareness activities with staff and the public, and maintain and update the Council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity up to 28 February 2022, including recent actions since the last report to the Committee in January 2022.



FRAUD MANAGEMENT

- 4 In December 2021, the Chancellor announced a new grant scheme to provide continued support to businesses affected by the Covid-19 pandemic. The new Omicron Hospitality and Leisure grant operated for a short period and ended on 31 March 2022. The government also introduced an extension to the Additional Restrictions Grant scheme.
- 5 Organised criminals were quick to target the new grant schemes, with reports from councils nationally receiving false applications. The fraud team shared intelligence updates from work with other councils, and national contacts, to alert staff to potential identities and bank accounts which are being used to commit fraud.
- 6 In February 2022, the Department for Levelling Up, Housing & Communities announced that most households in council tax bands A to D would receive a rebate of £150. Veritau will support activities to prevent and detect potential fraud linked to these payments.
- 7 A message was included with the annual council tax bills issued to all domestic properties. The insert will raise awareness of fraud with the public and provide information on how to report concerns to the counter fraud team.



MULTI-AGENCY WORK

- 8 Review of the latest National Fraud Initiative data matches identified five matters for further investigation. These relate to Small Business Rate Relief claims and Covid-19 grant payments.

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

- 9 Datasets relating to the later Covid-19 grant payment schemes were submitted to the National Fraud Initiative in early January 2022. Matches from this data are expected to be released in April 2022.

INVESTIGATIVE WORK

- 10 The team have received 83 referrals of suspected fraud in the financial year. These include cases of potential council tax fraud, housing fraud and Covid-19 grant fraud. 14 cases are currently under investigation by the team.
- 11 The team continues to support the Council in the administration of Covid-19 support grants to local businesses. An attempt to gain a Covid-19 business grant of over £8k has been prevented.
- 12 In other areas, one person has received a warning letter in relation to a claim for a council tax Single Person Discount, and a Council property has also been recovered as a result of investigatory work.
- 13 A summary of investigation work is included in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATION ACTIVITY

Activity to date includes the following:

	2021/22 (As at 28/02/22)	2021/22 (Target: Full Yr)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£2,674	£14,000	£12,687
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	27%	30%	37%
Amount of savings from the prevention of Covid-19 grant fraud	£8,097	n/a	£30,000

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Caseload figures for the period are:

	2021/22 (As at 28/02/22)	2020/21 (Full Year)
Referrals received	83	96
Referrals rejected ²	62	51
Number of cases under investigation	14	18 ³
Number of investigations completed	11	20

² This number includes cases where investigation is not possible (e.g. no discount or exemption in effect, matters in the remit of other agencies such as the Department for Work and Pensions, etc).

³ As at the end of the financial year (i.e. 31/03/2021)

Work completed or in progress

The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity completed in 2021/22 includes the following:

- **Covid-19 related fraud** – Four applications for Covid-19 business grants have been investigated. Investigation resulted in a payment of over £8k being stopped where a business did not qualify for support. Eight reports of Covid-19 related fraud have been received to date and there are seven ongoing investigations.
- **Council Tax Support fraud** – One allegation of Council Tax Support fraud has been investigated. No fraud or error has been identified to date. Fifty-four reports of potential fraud in this area have been received in 2021/22 and public funds have been recovered in nine cases investigated by the team.
- **Council Tax Fraud** – Three investigations into council tax fraud have been completed so far this year. The team have received sixteen referrals for potential fraud of this type. One person has been issued with a warning in relation to incorrectly obtaining a Single Person Discount.
- **Housing Fraud** – The team has received three housing related referrals this year and three housing investigations have been completed. In one of these cases, investigative work has supported the recovery of a council property which will be made available to someone on the housing waiting list.
- **NNDR fraud** – Two business rates referrals have been received by the team. One investigation is ongoing in this area.
- **Internal fraud** – There have been no reports of internal fraud to date.

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INFORMATION GOVERNANCE PROGRESS REPORT

Date: 27 April 2022

ANNEX 3



PURPOSE OF THE REPORT

- 1 To provide an update on Information Governance matters and developments in the Council's Information Governance arrangements and compliance with relevant legislation.
- 2 Information governance is the framework established for managing, recording, protecting, using and sharing information assets in order to support the efficient and effective delivery of services. The framework includes management structures, policies and processes, technical measures and action plans. It helps to ensure information is handled securely and correctly, and provides assurance to the public, partners and other stakeholders that the Council is complying with all statutory, regulatory and best practice requirements. Information is a key asset for the Council along with money, property and human resources, and must therefore be protected accordingly. Information governance is however the responsibility of all employees.
- 3 The Council must comply with relevant legislation, including:
 - The Data Protection Act 2018
 - The UK General Data Protection Regulation (UK GDPR)
 - Freedom of Information Act 2000
 - Environmental Information Regulations 2004
 - Regulation of Investigatory Powers Act 2000
- 4 In March 2018, the Council appointed Veritau to be its statutory Data Protection Officer (DPO).
- 5 The Corporate Information Governance Group (CIGG) is responsible for overseeing information governance within the Council. The group is chaired by the Chief Finance Officer and provides overall direction and guidance on all information governance matters. CIGG also helps to support the Council's Senior Information Risk Owner (SIRO) to discharge their responsibilities. CIGG oversees coordination and delivery of the Council's UK GDPR action plan.

UK GDPR ACTION PLAN UPDATE

- 6 The action plan has continued to be updated as work has been completed. Actions have been amended in consultation with officers, particularly about due dates and action owners. In light of local government reorganisation (LGR) some actions have been consolidated or changed. Progress on the action plan continues to be reported to CIGG.
- 7 Work on updating the information asset register continued throughout 2021/22 and an updated version was presented to CIGG members on 31 March 2022 after consultation with services across the Council. With the exception of three areas the register is complete and now reflects UK GDPR compliance requirements. Work is ongoing to finalise registers for housing

services, property services and environmental health. The updated register includes an assessment in respect of information processed outside of the UK. CIGG has agreed to undertake a review of the register in six months, in consultation with the other North Yorkshire councils. This will consider alignment and consistency of information across the councils, in advance of LGR.

- 8 A number of new policies were approved at CIGG on 10 March 2022. These have subsequently been published on the Council's Intranet. This concludes the review of the Information Governance Policy Framework. The policies approved were:
- Information Governance and Strategy Policy
 - Personal Privacy Policy
 - Information Access and Information Rights Policy
 - Information Security Incidents Reporting Policy
- 9 A review of the Council's privacy notices is ongoing, following a gap analysis undertaken in 2021. Veritau are working with officers to ensure all necessary privacy notices are completed and published on the Council's internet. As with the information asset register, this work will be aligned with similar privacy notice exercises being undertaken by the other North Yorkshire councils as part of LGR.
- 10 Discussions are also taking place to align the ongoing review of data processing contracts with the LGR work stream looking at procurement and contracts, to ensure consistency across the North Yorkshire councils. CIGG has agreed that the review of contracts and information sharing agreements will continue; but that priority will be given to contracts, as these have a higher risk to the Council in respect of compliance to UK GDPR.

TRAINING

- 11 A training session on FOI/EIR and subject access requests was undertaken for service managers in January 2022. This was followed by two online workshops about data protection impact assessments (DPIAs) in February 2022.
- 12 CIGG have agreed the focus for training for next year will be to ensure all staff have completed data protection training. This includes new starters, temporary and agency staff, as part of their induction. Further bespoke training will be offered through Veritau during 2022/23 and will include law enforcement data processing and information incident management (data breaches).

INFORMATION SECURITY INCIDENTS (DATA BREACHES)

- 13 The arrangements for rating information security incidents was updated during 2021/22 following approval by CIGG. The previous RAG system has been replaced by a five level system with risks ranging from very low to very high. The rating is assigned based on a risk score assigned as part of the data breach investigation. Risks classed as high or very high are sufficiently serious to be considered for self-reporting to the Information Commissioner's Office (ICO). Some incidents are categorised as 'white'. White incidents are where there has been a failure of security safeguards but no breach of confidentiality, integrity, or availability has actually taken place (i.e. the incident was a near miss).
- 14 The number of security incidents reported in 2021/22 under the new system are as follows (quarter 1 incidents rated under the old system are shown as high for red and low for green).

	Very High	High	Moderate	Low	Very Low	White	Total
Q1		1		4		1	6
Q2				1	1	1	3
Q3							0
Q4				1		1	2
Total	0	1	0	6	1	3	11

- 15 There has been a reduction in the number of Security Incidents reported in 2021/22 from the 18 reported in 2020/21.

SUBJECT ACCESS REQUESTS

- 16 As part of a revised agreement, Veritau took over the responsibility for processing Council data protection subject access requests (DPSARs) from 1 February 2022. Up to the end of March 2022 three DPSARs have been completed, and three are currently being processed.

FREEDOM OF INFORMATION (FOI) REQUESTS

- 17 Veritau has also started to provide an advisory service for complex FOI requests received by the Council, from 1 February 2022. Up to the end of March advice has been provided on four FOI requests.

DATA PROTECTION IMPACT ASSESSMENTS (DPIAs)

- 18 Work is ongoing on a number of DPIAs previously reported. These include MyView, CCTV for Selby town centre, and ONS data sharing.

- 19 Veritau is also supporting development of a DPIA for Breathing Spaces. This is a scheme administered by Wakefield Metropolitan District Council on behalf of Selby. It offers interest free secured loans to pay for an individual's mortgage arrears and support for up to 12 months of mortgage payments. A first draft of the DPIA for the scheme has been completed. We are awaiting comments and feedback from housing services.

SURVEILLANCE

- 20 As reported in the last progress report, the majority of actions to update Council policy and procedures in relation to RIPA (the Regulation of Investigatory Powers Act) have been completed. Legal Services are working on options for a training programme for staff.

LAW ENFORCEMENT

- 21 The Council's information assets have been reviewed for law enforcement processing activity, as part of the update of the information asset register and review of privacy notices noted above. Training on law enforcement data processing will be offered to staff during 2022/23.

TECHNOLOGY

- 22 Work required to ensure all IT software and hardware is compliant with UK GDPR and the Data Protection Act 2018 is progressing as part of the Council's upgrade to Office365.

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Report Reference Number: A/21/24

To: Audit and Governance Committee
Date: 27 April 2022
Author: Ed Martin; Audit Manager (Veritau).
Daniel Clubb; Counter Fraud Manager (Veritau)
Kirsty Bewick; Information Governance Manager (Veritau)
Lead Officer: Karen Iveson; Chief Finance Officer (s151 Officer)

Title: Internal audit, counter fraud and information governance work programmes 2022/23

Summary:

The purpose of this report is to present the proposed internal audit, counter fraud and information governance work programmes for 2022/23.

Recommendations:

It is recommended that the internal audit work programme 2022/23 be approved and that the counter fraud and information governance work programmes be noted.

Reasons for recommendation

Internal audit work programmes are required to be reported to the audit and governance committee for approval. Veritau provides the Council with specialist counter fraud and information governance services. For transparency and information purposes we have included work programmes for these services alongside the internal audit work programme within this report. These work programmes do not need committee approval but are presented for information.

1. Introduction and background

- 1.1 This document sets out the planned 2022/23 programme of work for internal audit, counter fraud, risk management and information governance services provided by Veritau for Selby District Council.
- 1.2 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Council's audit charter. In accordance with PSIAS, internal audit work must be risk-based and take into account the requirement to produce an evidence-based annual internal audit opinion.

Planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.

- 1.3 An indicative risk-based audit plan (or work programme) is drawn up at the start of each year, setting out expected priorities for audit work. The work programme is then regularly revisited throughout the year to ensure that it remains aligned with the Council's risk profile and priorities. The work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. Completed audit work will form the basis for the Head of Internal Audit's opinion on the effectiveness of the Council's framework of governance, risk management and control.
- 1.4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

2. The Report

- 2.1 The proposed areas of internal audit coverage are included in annex 1. These have been identified on the basis of a risk assessment which is intended to ensure limited internal audit resources are prioritised towards those areas which are considered to carry the most risk and/or which contribute the most to the achievement of the Council's strategic priorities and objectives. The final year of Local Government Reorganisation preparation will have a significant impact on the Council's risk areas, and therefore the focus of our work. Many areas of Council systems and processes will be directly and indirectly impacted.
- 2.2 Veritau will regularly discuss with officers and management the scope and timings of work to help ensure internal audit provide assurance in the right areas at the right time. Regular updates on the scope and findings of internal audit work will be provided to the Audit and Governance Committee throughout 2022/23.
- 2.3 Annex 2 sets out the proposed counter fraud work programme. Areas of activity are guided by the Council's counter fraud strategy and counter fraud risk assessment (presented in January 2022).
- 2.4 The information governance work programme (annex 3) sets out proposed areas of information governance work for 2022/23.
- 2.5 The Internal Audit plan includes 375 days, the Counter Fraud plan 105 days and Information Governance 80 days.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1 The Internal Audit, Counter Fraud and Information Governance work programmes have been drafted in consultation with the Chief Finance Officer (s151) and other senior officers.
- 4.2 They represent work programmes which utilise resources effectively and are informed by the Council's main strategic risks. The work programmes support the overall aims and priorities of the Council by promoting probity, integrity and accountability and by helping to make the Council a more effective organisation.

5. Background Documents

Counter Fraud and Corruption Strategy Action Plan (January 2022)
Counter Fraud Risk Assessment (January 2022)

6. Appendices

Annex 1 – Internal Audit work programme 2022/23

Annex 2 – Counter Fraud work programme 2022/23

Annex 3 – Information Governance work programme 2022/23

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INTERNAL AUDIT WORK PROGRAMME 2022/23

Date: 27 April 2022


Annex 1




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Ed Martin
Audit Manager



Max Thomas
Head of Internal Audit

INTRODUCTION

- 1 This document sets out the proposed 2022/23 programme of work for internal audit, provided by Veritau for Selby District Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the Council's Audit Charter. In accordance with those standards, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

APPROACH

- 5 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This flexibility will be particularly important in 2022/23 which is the last year the Council will deliver services to the public. From 1 April 2023 a new North Yorkshire Council will be created when Selby District Council, along with seven other Councils combine into a single county wide unitary authority. The flexibility will also help to ensure audit work undertaken during the year is adapted on an ongoing basis to reflect changing risks within the Council.
- 6 The work programme for 2022/23 represents a summary of the overall areas we currently think will be the highest priority for work during the next year, based on our current assessment of risk.
- 7 The identification of risks has been informed in a number of ways; including review of the organisational risk management processes, the impacts of Local Government Reorganisation (LGR), understanding the Council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in Council services and systems. The risks and impact of Local Government re-organisation means the emphasis of work in 2022/23 will be significantly different to previous years.
- 8 Internal audit work covers a range of risk areas to ensure that overall, the work undertaken will enable us to meet our professional standards to provide an overall opinion on the framework of risk management, governance and internal control in the Council.

- 9 We have defined 11 areas where we require assurance during the course of the year to help provide that opinion, as follows:
- Strategic planning
 - Organisational governance
 - Financial governance
 - Risk management
 - Information governance
 - Performance management and data quality
 - Procurement and contract management
 - People management
 - Asset management
 - Programme and project management
 - ICT governance
- 10 The requirement for providing assurance across these areas is also taken into account when identifying and prioritising work.
- 11 The proposed areas of coverage have been subject to consultation with senior officers.
- 12 Throughout the year, work to be undertaken will be determined based on the most immediate priorities. The overall work programme will be regularly reviewed and updated to reflect work undertaken and changes to priorities.
- 13 We will regularly discuss with officers and management the priority, scope and timings of work to help ensure that we provide assurance in the right areas at the right time. Members and senior Council officers have an important role in shaping the work programme by helping to direct internal audit to areas of greatest risk and priority during the Council's last 12 months of operation.
- 14 We will also provide regular updates on the scope and findings of work to the Audit and Governance Committee throughout 2022/23.



2022/23 INTERNAL AUDIT WORK

- 15 The plan is based on a total commitment of 375 days. Further detail on the potential areas of coverage is included in appendix A below.
- 16 It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this draft programme and indicative days assigned to each of the areas in appendix A are not fixed. Work will be kept under review to ensure that audit resources continue to be deployed in the areas of greatest risk and importance to the Council. This is to ensure the audit process continues to add value.
- 17 Secondly, it will not be possible to deliver all of the audits listed in the programme. The programme has been over planned, to build in flexibility from the outset while providing an indication of the priorities for work at the time of assessment. This will enable us to respond quickly by

commencing work in other areas of importance to the Council when risks and priorities change during the year.

- 18 The final year of Local Government Reorganisation preparation will have a significant impact on the Council's risk areas, and therefore the focus of our work. Many areas of Council systems and processes will be directly and indirectly impacted.
- 19 Maintaining effective 'business as usual' will, in some areas, become very difficult. Work will focus on providing assurance of the continuation of the Council's internal control framework over a wide range of areas, to help support the interim s151 officer and senior management discharge their statutory obligations. Internal audit work will include shorter, more focussed assignments and the use of data analytics to help provide more regular assurance.
- 20 Continued involvement in the LGR work-streams and wider project governance will also be a key area of officer and auditor involvement. The recently issued North Yorkshire (Structural Changes) Order places a number of requirements on the Council, including 'to consult and co-operate with each other in order to secure the economic, effective, efficient and timely transfer of those functions, property, rights and liabilities'. Data quality of information, some of which will be transferring to the new organisation and will form a fundamental part of new Council's working arrangements, will also be very important.

Appendix A

Draft Internal Audit Work Programme 2022/23**Areas linked to Local Government Reorganisation**

Area	Days	Potential activity
Strategic and Corporate Risks	80	Corporate Governance arrangements, including to the LGR project Involvement in specific LGR related work-streams Procurement and contract management Council closedown and post 31 March 2023 assurance arrangements Data Quality
Financial systems Work is likely to cover areas such as internal control assurance gathering (testing the continued operation of key controls), reviewing identified areas of weakness, and specific data quality, system transfer and development matters linked to Local Government Re-organisation.	110	General Ledger Creditors Debtors Payroll Council Tax and Business Rates Benefits Housing rents Income collection
Service areas and systems Work is likely to cover similar types of areas as the financial systems.	40	Planning (including s106 and CIL) Licensing Homelessness / housing options Environmental health Council housing landlord responsibilities
TOTAL	230	

Other Assurance areas

Area	Days	Potential activity
Key ongoing business risks	40	Cyber security Business continuity and disaster recovery Health and safety Information security

Area	Days	Potential activity
Ongoing assurance	15	Continuous Audit planning and assurance gathering to help support our overall opinion on the framework of risk management, governance and internal control of the Council.
Follow up of management actions	15	Follow-up of previously agreed management actions
TOTAL	30	

Committee related and other liaison and support

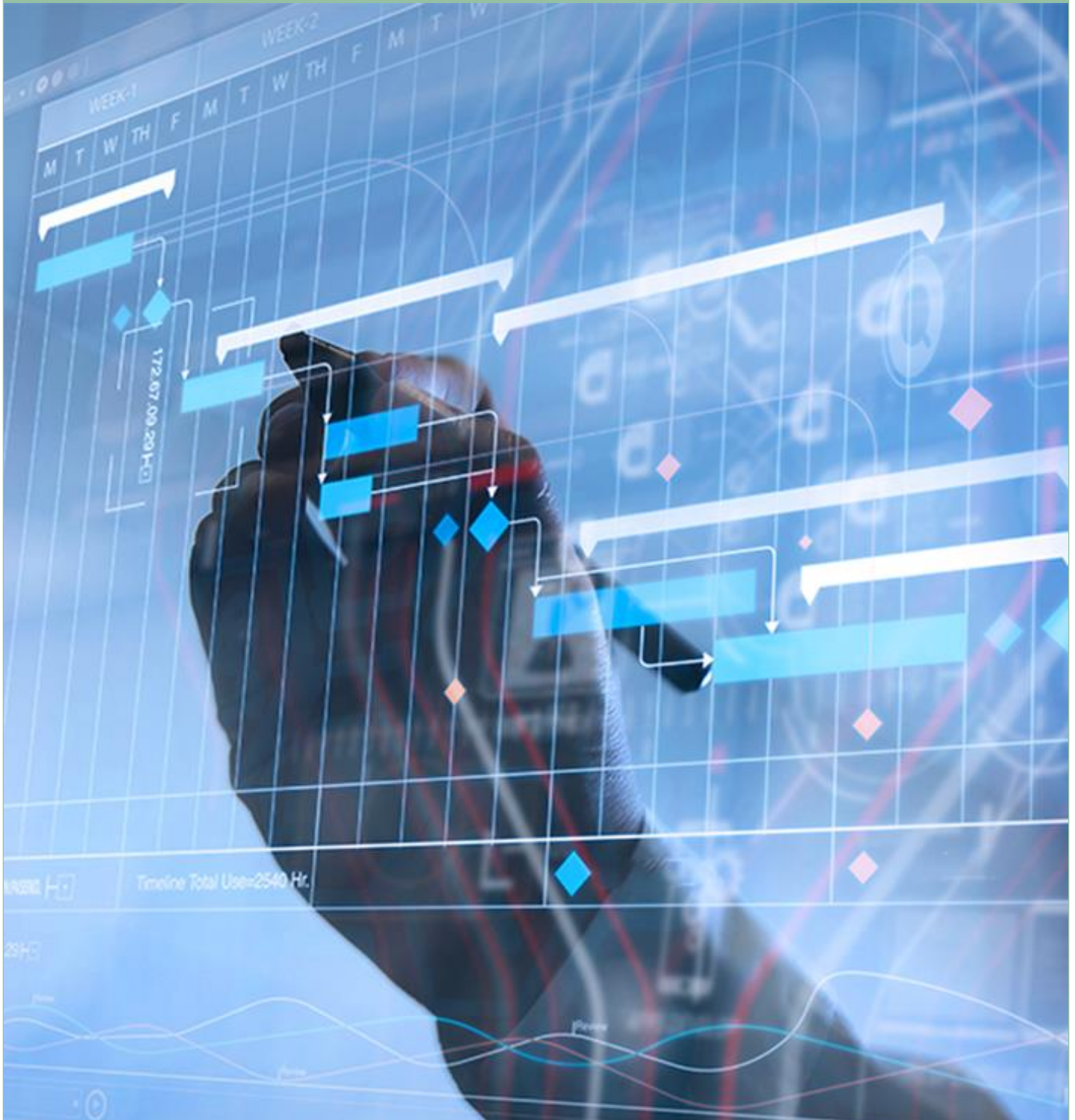
Area	Days	Potential activity
Committee and Client related liaison and support	75	Committee preparation and attendance Client liaison, support and advice External audit liaison Contingency Risk management facilitation
OVERALL TOTAL DAYS	375	

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COUNTER FRAUD PLAN 2022/23

Date: 27 April 2022

ANNEX 2





Daniel Clubb
Corporate Fraud Manager



Max Thomas
Head of Internal Audit

INTRODUCTION

- 1 Veritau undertakes counter fraud work on behalf of Selby District Council. This document summarises the agreed areas of counter fraud work for 2022/23.
- 2 The Counter Fraud Plan is based on an estimate of the amount of resource required to provide the range of counter fraud activities required by the council. A total of 105 days of counter fraud work has been agreed for 2022/23.

2022/23 COUNTER FRAUD SUMMARY

- 3 A summary of planned areas of work is set out in the table below. An estimated number of days for each area is provided but this will be flexible to reflect the work that arises during the year. Whilst many counter fraud activities will be similar to previous years, particular attention will be paid to any new or emerging risks relating to local government reorganisation (LGR) in North Yorkshire.

Area	Days	Scope
Counter Fraud General	10	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and supporting counter fraud activities in preparation for local government reorganisation. Updates on significant fraud trends and counter fraud activities will be provided to the Audit & Governance Committee periodically.

Proactive Work	10	<p>This includes:</p> <ul style="list-style-type: none"> • raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues. • targeted proactive counter fraud work - for example through local and regional data matching exercises. • support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.
Reactive Investigations	50	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
Covid-19 response work	10	Supporting assurance activities and investigation of potential fraud highlighted through this work. Assisting the council to recover money lost to fraud through grants.
National Fraud Initiative	15	Offering advice and support in processing National Fraud Initiative match outputs, including criminal investigation where necessary.
Fraud liaison	10	Acting as a single point of contact for the Department for Work and Pensions, to provide data to support their housing benefit investigations.

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INFORMATION GOVERNANCE PLAN 2022/23

Date: 27 April 2022

ANNEX 3



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2022/23
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Kirsty Bewick
Information Governance Manager



Max Thomas
Head of Internal Audit

INTRODUCTION

- 1 Veritau undertakes information governance work on behalf of Selby District Council. Veritau is also the Council's appointed statutory Data Protection Officer which involves the carrying out of specific functions. The service helps to ensure the Council complies with all relevant legislation, including the UK-General Data Protection Regulation (UK-GDPR), Data Protection Act 2018 and Freedom of Information Act 2000. This document summarises the agreed areas of work for 2022/23.
- 2 The Information Governance Plan is based on an estimate of the amount of resource required to provide the range of activities required by the Council. A total of 80 days of information governance work has been agreed for 2022/23 for core services. As an additional service to the 80 days for core work, Veritau coordinates all of the council's Subject Access Requests and provides advice on complex Freedom of Information Requests.

2022/23 INFORMATION GOVERNANCE SUMMARY

- 3 The following table provides an indicative allocation of time across each element of the service:

Area	Days	Scope
Data Protection Officer Role	15	Monitoring compliance with the Council's policy framework and data protection legislation as Data Protection Officer. This also includes liaising with the UK Information Governance regulator: the Information Commissioner's Office (ICO) and with data subjects who have concerns with how their data is being processed.
Information Governance Strategy and Support	30	Maintaining the Council's policy framework, advising on the implementation on any required changes to information governance processes and supporting service area projects with information governance consultations.
Provision of Advice and Training	15	The provision of advice and guidance on information governance related matters. Supporting service managers by providing specific information governance training sessions to officers.

Area	Days	Scope
Coordination of Information Security Incident Investigations	10	The investigation of information security incidents and the coordination of remedial activity.
Management and coordination support to the SIRO	10	Day-to-day administrative support managing the action plan, coordinating implementation of actions and management of CIGG meetings.
FOI and Subject Access Requests	Actual time spent to complete work	Coordination of all Subject Access Requests received by the Council and providing advice to the in-house team on complex Freedom of Information requests received by the Council.

2022/23 INFORMATION GOVERNANCE STRATEGIC OBJECTIVES

- 4 The following strategy objectives will be delivered by Veritau in 2022/23.

Local Government Reorganisation

- 5 Veritau will work with the council in all activity associated with Local Government Reorganisation (LGR). This will include providing advice, assisting with any related data sharing activity and representing the views of the council as appropriate in LGR workstream meetings.

Information Asset Management

- 6 Veritau will continue to work with service managers to prioritise the work around data processing agreements to ensure that the council is meeting the requirements of Article 28 UK GDPR. Where possible, Veritau will also continue to ensure that data sharing arrangements are in line with the requirements of the North Yorkshire Information Sharing Protocol, which the Council is a signatory to.

Law Enforcement

- 7 Veritau will continue to review all law enforcement activity for the collection of personal information to ensure all detail has been captured as part of the information asset register.

Privacy Notice Updates

- 8 Veritau will continue to ensure that all privacy notices are updated.

2022/23 INFORMATION GOVERNANCE TRAINING

- 9 Training on the following information governance themes will be delivered by Veritau in 2022/23, as requested by officers.

Personal Data Breach Management

- 10 Delegates will be introduced to Personal Data Breach Management concepts and tools. The workshop will show how to recognise a data breach when it occurs, how to investigate and manage a data breach and how to complete the relevant documentation to report the breach. The workshop will also help delegates understand the different levels of risk and how that influences decisions on whether to report a matter to the Information Commissioner's Office (ICO).

Law Enforcement

- 11 Delegates will be introduced to part three of the Data Protection Act 2018. This will help develop an understanding of the key differences between law enforcement and UK-GDPR and their requirements.

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Agenda Item 9



Report Reference Number: A/21/25

To: Audit and Governance Committee
Date: 27 April 2022
Author: Dawn Drury, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Audit and Governance Committee Annual Report 2021-22

Summary:

A draft Annual Report is provided for the Committee's consideration and approval.

Recommendations:

- i. To approve the Audit and Governance Committee Annual Report 2021-22; and**
- ii. To delegate authority to the Democratic Services Officer in consultation with the Chair, to update the appendix prior to publication to reflect the work undertaken at the final meeting of the municipal year.**

Reasons for recommendation

The Audit and Governance Committee is required, under Article 6 of the Constitution, to prepare an Annual Report reviewing its work during the previous municipal year.

1. Introduction and background

- 1.1 Article 6 of the Constitution requires the Audit and Governance Committee to prepare an Annual Report which should review its work during the previous municipal year.

2 The Report

- 2.1 A draft Annual Report is attached at Appendix A. This has been drafted by the Chair and the Democratic Services Officer and it is now available for the Committee to consider.

- 2.2 The Report has been structured in three sections:
- An introduction from the Chair
 - A summary of the membership, role and work of the committee
 - An appendix comprising a retrospective work programme and summary of decisions for 2021-22.
- 2.3 The Committee is asked to consider any amendments and approve the report for publication.
- 2.4 As there will be no further meeting of the Committee during this municipal year, the Committee is asked to delegate authority to the Democratic Services Officer, in consultation with the Chair, to amend the appendix prior to publication to reflect the business transacted at the April 2022 meeting.

3 Legal/Financial Controls and other Policy matters

- 3.1 None.

4. Conclusion

- 4.1 The Committee is asked to approve the draft Annual Report 2021-22 to comply with the requirement of Article 6 of the Constitution.
- 4.2 The Committee is further asked to delegate authority to the Democratic Services Officer, in consultation with the Chair, to update the appendix to the Annual Report to reflect outcomes following the final meeting of the year.

5. Background Documents

None.

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Appendices:

A – Draft Audit and Governance Committee Annual Report 2021-22



Audit and Governance Committee

Annual Report 2021-22

Introduction from the Chair – Councillor Karl Arthur

I am pleased to present the Audit and Governance Committee Annual Report 2021-22.

The overall responsibility of the Committee is to scrutinise and monitor the Council's control systems, procedures, and risk management systems. As Chair of the Committee, I provided a report to each Council meeting highlighting the Committee's work.

The Committee was fortunate to again have excellent officer support to help guide it through complex reports and also excellent advice from both our Internal and External Auditors.

The Committee met four times during the municipal year and considered a range of different issues. The Committee's Work Programme ensured a strong focus on the priorities of the Council and the concerns of local people, this included regular reviews of audit reports and risk management systems.

I am delighted to say that there were no items of business for the Standards Committee to investigate during the course of the 2021-22 municipal year. However, I would like to take this opportunity to thank Philip Eastaugh, Hilary Putman and Wanda Stables for continuing to volunteer as independent members in case it was needed.

I would like to thank all councillors who served on the Audit and Governance Committee during 2021-22, for their support and continued hard work. Many people have contributed to the work of the committee, including officers and external partners. I would like to put on record my thanks to them.

I am confident that the audit and governance of Selby District Council is robust, and I look forward to the coming municipal year.



Councillor Karl Arthur
Chair, Audit and Governance Committee

27 April 2022

Audit and Governance Committee Annual Report 2021-22

The following Councillors sat on the Audit and Governance Committee during the 2021-22 municipal year:

8 Members

Conservative	Labour	Selby Independents
Karl Arthur (Chair)	John Duggan	Don Mackay
Neil Reader (Vice-Chair)	Keith Franks	
Mike Jordan		
Andrew Lee		
Charles Richardson		
Substitutes	Substitutes	Substitutes
John Cattanach	Paul Welch	Mary McCartney
Richard Sweeting	Jennifer Shaw-Wright	
Mark Topping		
Keith Ellis		

The Committee will have met four times during the year (27 July 2021, 29 September 2021, 26 January 2022 and 27 April 2022).

Council officer support during the year was provided by:

- Karen Iveson, Chief Finance Officer
- Alison Hartley, Solicitor to the Council and Monitoring Officer
- Dawn Drury, Democratic Services Officer

Representatives of both internal audit (Veritau) and external audit (Mazars) were in attendance at every meeting and the relevant council officers were also present to answer questions from the Committee. In addition, the Chair maintained a dialogue throughout the year with Veritau and Mazars.

The Role of the Audit and Governance Committee

The Audit and Governance Committee is responsible for scrutinising and monitoring the control systems, procedures and risk management systems operating at the Council.

In accordance with the Council's Constitution, the Committee has delegated authority to:

- monitor and report on the effectiveness of the Council's Constitution;
- receive reports from the Monitoring Officer on the effectiveness of the Standards arrangements adopted by the Council;
- scrutinise and approve the Council's Annual Governance Statement, statement of accounts, income and expenditure and balance sheet or records of receipts and payments (as the case may be);
- be satisfied that the Council's assurance statements, including the Annual Governance Statement, have been properly developed and considered by councillors;
- to scrutinise and monitor the control systems, procedures and risk management systems operating at the Council;

- receive, but not direct, internal audit service strategy and plan and monitor performance;
- receive the annual report of the internal audit service;
- review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary;
- consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors;
- consider the reports of external audit and inspection agencies relating to the actions of the Council;
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- review the financial statements, external auditor's opinion and reports to councillors, and monitor management action in response to issues raised by external audit;
- issue reports and make recommendations, where appropriate, and in relation to any matters listed above, for consideration by the Council, Executive or the relevant committee of the Council;
- monitor the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the use of authorisation of surveillance.

2021-22 Work Programme

During 2021-22 the Audit and Governance Committee reviewed and considered:

- the statutory financial statements of the Council and Annual Governance Statement;
- reports made on Selby District Council by the external auditor (Mazars);
- the work of the internal auditor (Veritau);
- other issues falling within the Council's control and risk management framework.

A summary of the Committee's work over the year is set out at Appendix A.

To assist the Committee in its work, an 'action log' was maintained throughout the year which listed issues and actions arising from each meeting.

Conclusion

Throughout 2021-22, the Audit and Governance Committee exercised its delegations across a broad range of topics and had the opportunity to further develop the skills and knowledge of its members to ensure that the Council's control framework was adequately scrutinised.

Audit and Governance Committee Work Programme Review – 2021-22

27 July 2021	
Topic	Outcome
External Audit Progress Report	The Committee considered the External Audit Progress Report, which set out the progress of external audit work to date on the 2020-21 financial statements. Members had no questions and resolved to note the report.
Draft Annual Governance Statement (AGS) 2020-21	<p>Members were informed that the draft Annual Governance Statement provided an assessment of the governance environment for 2020-21 and would form part of the Statement of Accounts which would be brought to Committee in September 2021.</p> <p>It was explained that the accompanying Action Plan identified significant control issues and highlighted that two actions relating to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS), and performance management had been on the action plan for a period of over one year. It was noted that in relation to non-compliance with the PCI DSS, the new income management system had been delayed allowing a review of the proposed approach to taking payments over the telephone. Members were assured that the work was ongoing, a revised date of 5 October 2021 had been given for the system to be implemented and that the security that was already in place was performing well. The Committee heard that the performance management action had been delayed as a direct result of the response to Covid-19, as staff members had been temporarily seconded to other teams within the Council to provide assistance; a revised date of 30 September 2021 had been agreed. Members resolved to note the report.</p>
Annual Report of the Head of Internal Audit 2020-21; Annual Counter Fraud Report and Annual Information Governance Report 2020-21	<p>The Committee heard that the report provided a summary of the internal audit work carried out since April 2020, and the counter fraud and information governance work carried out during the year 2020-21 and noted that the overall opinion of the Head of Internal Audit on the governance, risk management and control framework operated by the Council was that it provided Reasonable Assurance. It was confirmed that this opinion was however qualified, in light of the current pandemic and the impact of this on the Council.</p> <p>The Committee heard that the report included the conclusion of Veritau's internal audit Quality Assurance and Improvement Programme (QAIP), it was explained that the Internal Charter set out how internal audit at the Council would be provided in accordance with the Public Sector Internal Audit Standards (PSIAS); a detailed self-assessment to evaluate performance against the Standards was undertaken in November 2018 which concluded that the internal audit activity provided by Veritau generally conformed to the PSIAS.</p>

	<p>In response to a query regarding the validity of the applications received for grant support, it was confirmed that most of the applications received had been genuine, and the robust checking arrangements in place within the Council, supported by the work of the Veritau counter fraud team, helped to minimise and recover incorrect payments.</p> <p>The Corporate Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity in 2020-21, which highlighted that actual savings of £12k had been achieved through fraud investigation; in addition, £30k of Covid-19 grant fraud had been prevented.</p> <p>The Committee heard that there had been a 16% drop in the number of suspected fraud referrals in 2020-21, compared to 2019-20, this was attributed to Covid-19 and less social interaction between members of the public, which may have resulted in less suspicions being raised.</p> <p>The Committee noted that in addition to the fraud work carried out, a new counter fraud strategy had been developed on behalf of the Council, and the counter fraud policy was updated.</p> <p>Members queried once investigations had taken place and fraud had been proven, were the culprits prosecuted, it was confirmed that Veritau would recommend pursuing the matter through the court system, and that Selby District Council took fraud very seriously. It was further confirmed that warnings and cautions were also issued to ensure there was a formal paper trail to be followed.</p> <p>In terms of the information governance work carried out during 2020-21, it was highlighted that advice and support had been provided to officers in respect of the Information Asset register, the Information Governance Policy framework, and surveillance and law enforcement policies. Members noted that a number of meetings had taken place to progress work on overt surveillance activities, along with a review of the current Regulation of Investigatory Powers Act (RIPA) policy; it was confirmed that once finalised all the surveillance documentation would be presented to the Audit and Governance Committee for consideration.</p> <p>Members noted the report.</p>
Risk Management Annual Report 2020-21	<p>The Committee noted the Risk Management Annual Report which summarised the risk management activity during the year 2020-21, whilst also showing the proposed actions to be taken to embed sound risk management processes within the Council for the current 2021-22 municipal year. It was noted that in addition to supporting managers to review risks in their service areas and to identify mitigating actions where necessary, a review of the risk management strategy was completed.</p> <p>The Committee heard that further specific risk management activity was planned for 2021-22 to include a health check review of the risk management framework, an annual review of the risk management strategy, along with risk training and drop-in sessions for officers and Members.</p>
Corporate Risk Register 2021-22	<p>The Committee reviewed the Corporate Risk Register 2021-22, which provided an update on movements within the register. Members noted that the risks had been reviewed and updated by</p>

	<p>officers in June and July 2021, there was a total of 12 risks on the Council's Corporate Risk Register for 2021-2022, and it was highlighted that four of these risks had been identified as being high risk, with a score of 12 or more, this was the same as at the time of the January 2021 update.</p> <p>Members noted that the Local Government Reorganisation (LGR) had been added in this update, the risk described the existential threat that LGR posed to the Council, it also described the controls and mitigating actions that the Council had taken, or were planned, to manage the risk depending on the outcome, which had just been announced by the government.</p> <p>The Committee was assured that an action plan had been developed for all risks requiring active management, and that the Corporate Risk Register continued to be closely monitored.</p>
--	---

29 September 2021	
Topic	Outcome
<p>Corporate Complaints & Compliments Annual Report, April 2019 - March 2020 & April 2020 - March 2021 and Local Authority Ombudsman Annual Review Letter 2021</p>	<p>Members acknowledged that the Corporate Complaints and Compliments Annual report was an opportunity to inform Members on individual service area improvement within the Council. It was explained that this report was for a two-year period, with the delay in reporting the 2020 information, a direct result of the extraordinary circumstances caused by the pandemic, as all service areas focussed resource on immediate customer needs.</p> <p>Members noted that the Local Authority Ombudsman was the final stage for corporate complaints made against Local Authorities, and that during this period there had been a decrease in the number of complaints escalated to the Ombudsman; and that none of the complaints made against the Council had been upheld. In addition, the Council showed a 100% record of implementation of the recommendations made by the Ombudsman.</p> <p>The Committee was assured that the complaints process was operating effectively and to a high standard. Members noted the report and annual review letter.</p>
<p>Corporate Policy: Regulation of Investigatory Powers Act 2000, Version: 2021</p>	<p>The Committee heard that the Regulation of Investigatory Powers Act (RIPA) controlled and regulated surveillance, and other means of gathering information by local authorities, and that the Council had a duty under RIPA 2000 to demonstrate how requests for covert directed surveillance activities were determined and recorded.</p> <p>Members noted that following an inspection by the Investigatory Powers Commissioner's Office (IPCO) in February 2021, it had been commented that the Council's draft RIPA guidance and procedure could be amended to reflect up to date Codes of Practice. Accordingly, officers of the Council had worked with Veritau to develop the revised RIPA Policy which reflected the current legislation and ensured that any consideration regarding the use of covert surveillance by officers complied with the law.</p>

	<p>To reflect the rarity of use of the powers by the Council, the number of authorising officers had been restricted to five at a senior level; the Director of Economic Regeneration and Place, the Director of Corporate Services, the Head of Operational Services, and the Head of Planning; with the Chief Executive dealing with cases which involved confidential information. It was explained that the Enforcement team had been trained to complete the application form to seek authorisation to deploy covert cameras.</p> <p>The process of authorisation and recording had also been revised so that it linked to the guidance and up to date Home Office forms available on the internet.</p> <p>Finally, Members heard that should the use of covert surveillance, on a case-to-case basis, be considered appropriate and proportional by an authorising officer of the Council, this authorisation would then be reviewed, prior to covert surveillance taking place, at the Magistrates Court to ensure compliance with the Human Rights Act.</p> <p>Members queried the possibility of increasing the number of CCTVs within the district to counteract fly tipping, it was confirmed that if this was overt surveillance, which included signs being displayed next to the cameras, additional CCTV could be installed. If a serious case of fly tipping occurred, which was being investigated, and it was considered that covert CCTV be warranted, before the use of covert CCTV could take place the case would have to go through the RIPA process and on to the Magistrates Court for final approval.</p> <p>The Solicitor to the Council clarified for Members that if cameras were overt in nature, then clear signage would be visible to ensure that people were fully aware that they were being filmed. If the cameras were covert this was in effect a secret camera, with no signage.</p> <p>The Committee noted that if the Council were to prosecute a case of fly tipping on evidence that had been collected using a covert camera, if that camera had not been authorised the evidence could be deemed not admissible. All evidence must be collected appropriately and according to the law.</p>
<p>Corporate Policy & Guidance: Surveillance Overview Document and the Overt Surveillance Policy: Version: 2021</p>	<p>The Committee were informed that whilst outside the Regulation of Investigatory Powers Act 2000 (RIPA) legislation, any overt surveillance undertaken by the Council must be monitored in terms of its authorisation and use.</p> <p>Members noted that the Overt Surveillance Policy 2021 policy and guidance provided oversight as to how overt surveillance was managed at the Council in compliance with the Surveillance Camera Commissioner's Codes of Practice and the General Data Protection Regulation (GDPR).</p> <p>One Member advised that some local authorities had CCTV deployed in their town centres which not only recorded but was used to speak to the public on the street, it was queried whether Selby district had any of these types of cameras in operation. It was confirmed that Selby district, to date, did not have any of these cameras, however work was being progressed at present to assess the capability and risks involved in installing this type of CCTV.</p>

	The Committee noted the Overt Surveillance Policy 2021 and guidance.
External Audit Completion Report 2020-21	<p>Members heard that the report set out a summary of the external audit progress for 2020-21, and Members noted that work was yet to be completed in respect of the Council's value for money arrangements and that this would be reported to Committee in the Auditors Annual Report in December 2021.</p> <p>In relation to the significant risks identified in terms of the valuation of property, plant and equipment (PPE), Members heard that the net defined benefit liability valuation, and the management override of controls, additional procedures had been carried out; it was confirmed that this was not unusual and had happened at other local authorities.</p> <p>It was highlighted that there were two outstanding areas of audit work; Information Technology (IT), and Pensions, however it was anticipated that a response would be received shortly with regards to the IT testing. In terms of pensions, to date the assurance that had been requested from the pension fund auditor had not been received. Members noted the report.</p>
Internal Audit, Counter Fraud & Information Governance Progress Report 2021-22	<p>The Committee reviewed the progress made in delivering the internal audit work plan for 2021-22 and received an update on the counter fraud and information governance work undertaken to date in 2021-22. It was noted that due to Covid-19, there had been a higher level of outstanding audit work to be completed for the year 2020-21 than would normally be expected, however much of this work had taken place since the last report to Members in July 2021. It was highlighted that a new approach of flexible audit plans had been implemented for the current priorities in the internal audit work, which ensured the audit service was responsive to potential emerging risks.</p> <p>A number of questions were asked regarding the impact of Covid-19, and the Local Government Review (LGR) on the internal audit work. Members were assured that when the pandemic first started normal work was suspended, however over the course of the year the audit work had been brought back on schedule with the current work plan. In terms of LGR it was confirmed that the auditors core responsibility was to Selby District Council, and as such the auditors would continue to follow the audit work plan to offer reassurance and identify mitigating actions where and when required. It was further confirmed that Veritau had not contributed to the LGR consultation and there was no conflict of interest as part of the audit services that Veritau provided for other local authorities.</p> <p>In relation to the Council's counter fraud activity 2021-22, it was highlighted that actual savings of £2.5k had been achieved through fraud investigation; in addition, £8k of Covid-19 grant fraud had been prevented to date.</p> <p>The Committee heard that a range of work to include activity to promote the awareness of fraud to Council officers and members of the public, data matching as part of the National Fraud Initiative 2020-21 and requests for information from external agencies was ongoing.</p>

	<p>The Committee's attention to annex 3 of the report which provided an update on Information Governance matters, to include the General Data Protection Regulation (GDPR) action plan along with the Information Asset Register, Privacy Notices, Data Protection Impact Assessments, and project specific advice.</p> <p>Members heard that the Information Commissioners Office (ICO) had published additional guidance in relation to privacy notices, therefore the Councils privacy notices had been reviewed and updated. The GDPR action plan had been updated, and the Information Policies had been approved by the Leadership Team and published onto the Council website.</p> <p>In terms of Information Security incidents involving personal data, Members were informed that two such incidents had been reported to the ICO but neither had resulted in further actions for the Council. The Committee were informed that in relation to Data Protection Impact Assessments (DPIA), Veritau was supporting the Council in completing a number of DPIAs as well as providing advice on whether a DPIA was required for other projects, to include CCTV for Selby town centre.</p> <p>In response to a query regarding the main reception in the Civic Centre and a perceived issue around data protection which had the potential to arise, as that area was shared by both Police and Council personnel. It was confirmed that the Solicitor and Data Protection Officers for both organisations had been consulted and the decision was to ensure that the correct signage and privacy notices were in place at reception. It was further confirmed that appropriate action had been taken to mitigate any risk to the Council.</p> <p>Members noted progress on the delivery of internal audit, counter fraud and information governance work.</p>
Statement of Accounts 2020-21	<p>The Committee received the Statement of Accounts. It was explained that the audit was still to be concluded as there were two matters outstanding, as Members had heard featured in the External Auditors Completion Report. It was further explained that some minor amendments and a change to the recommendation had been made to the report within the agenda pack.</p> <p>It was highlighted that in view of the outstanding Pension Fund and Information Technology responses the audit was not complete, and Members were asked to delegate authority to the Chief Finance Officer to make any minor amendments which may arise in the accounts, in consultation with the Chair of the Committee.</p> <p>The Committee's attention was drawn to appendix B which set out key movements between the financial years of 2019-20 and 2020-21 and identified key changes. The accountant briefly explained the minor amendments within the report, but assured Members that the changes did not impact on any of the figures within the accounts.</p> <p>In response to a query regarding what data required verification in relation to property, plant and equipment, the Partner, Mazars explained that assurance was requested when working with property</p>

	<p>valuations as to whether the assertions featured were fairly stated, and sight of the underlying evidence was required.</p> <p>A number of questions were asked in relation to the Councils investments, it was explained that North Yorkshire County Council invested money on Selby Council's behalf, the majority being with banking organisations which were low risk; there were no future plans in place to diversify.</p> <p>The Chair queried if sundry debt arrears were recovered and what process was in place if the monies could not be recovered, it was confirmed that all debtors were pursued to the full effect, however this year had been challenging due to the pandemic, although officers continued to progress.</p> <p>The Committee approved the Statement of Accounts, subject to the completion of the audit.</p>
Consideration of Internal Audit Reports	<p>Members noted that an audit had been completed on 20 September 2021 which had identified that controls within the system only provided "Limited Assurance". As such, the findings had been brought to the Committee for presentation and discussion. Members noted that actions had been agreed to address the issues identified, and that many of the actions had already been completed.</p> <p>The Committee was satisfied that appropriate action was being taken and noted the report.</p>

26 January 2022	
Topic	Outcome
Annual Report of Information Requests 2021	<p>The Committee considered the report, which provided the annual update in relation to information requests received and responded to during 2021 under the Freedom of Information Act and Environmental Information Regulations.</p> <p>Members noted that the Council had maintained an 85.99 percent response rate within the response time of twenty days, which in light of the ongoing pressures faced by the Covid pandemic in 2021 was to be commended and continued to demonstrate that the way in which information requests were handled was fit for purpose.</p>
External Auditor's Annual Report 2021	<p>Members noted that the Auditor's Annual Report summarised the external audit work undertaken for the year ended 31 March 2021.</p> <p>The Committee's attention was drawn to section three of the report which included the new style value for money commentary, Members were pleased to note that no weaknesses had been identified in the Councils arrangements, and that the external auditor had nothing to report by exception.</p> <p>In terms of the external auditor fees which had been set out in the Audit Strategy Memorandum, Members heard that there had been additional fee increases incurred in respect of additional work</p>

	<p>undertaken on the property, plant and equipment (PPE) valuation, the pension liability valuation and the new style value for money approach. As the Committee had heard during the Chairman's address, the government would be providing councils with additional funding over the course of the next Spending Review period to provide support with the costs incurred by increased auditing requirements. In response to a query regarding how confident the external auditors were that all the audit work had been captured, as the work had been undertaken remotely; and should audits be conducted remotely in the future. It was confirmed that conducting the audit work remotely had worked very well, however for the future a hybrid of remote and face-to-face meetings would be the preferable option. Members noted the report.</p>
External Audit Progress Report	<p>Members received the report which set out a summary of external audit work completed to date on the 2020-21 financial statements along with the progress made on the 2021-22 audit planning work. The Committee noted that since the last Audit and Governance Committee meeting in September 2021 work on the 2020-21 financial statements had been completed. It was confirmed that an unqualified opinion had been issued along with a 'follow-up letter' which concluded on all the areas of outstanding work at the time of the September 2021 Committee, and the audit opinion had been issued on 1 October 2021. It was further confirmed that the work on the value for money arrangements was complete with no areas of significant weakness identified.</p> <p>Members heard that work on the Housing Benefit Claim was due to commence and the Manager, Mazars highlighted that the Department for Work and Pensions (DWP) had revised the submission date for receipt of the reporting accountant's reports to 31 January 2022. However, in recognition of the challenges faced by audit firms at this time, the DWP had put in place arrangements for local authorities to request an extension if deemed necessary. It was confirmed that officers had applied to the DWP for an extension to the submission date of the 31 March 2022, but as yet a response had not been received.</p> <p>In terms of the audit for 2021-22, Members noted that planning work was scheduled to commence, and that the Audit Strategy Memorandum and the Audit Plan would be presented at the next meeting of the Audit and Governance Committee in April 2022.</p>
Internal Audit, Counter Fraud and Information Governance Progress Report 2021/22	<p>The Committee was provided with an update on the delivery of the internal audit work plan for 2021-22, along with an update on the counter fraud and information governance work undertaken to date in 2021-22.</p> <p>Members heard that nine 2021-22 audits were in progress. It was highlighted that at the onset of the pandemic, it had been agreed with the Leadership Team to concentrate resources on following up higher priority actions and normal activity had been suspended. Members noted that normal follow up</p>

activity had now been resumed therefore actions that remained outstanding would be escalated as appropriate.

The Committee received an update on the Limited Assurance report which had been brought to Committee in September 2021, in relation to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS), it was noted that the new income management system procured from Civica to enable PCI DSS compliance had gone “live” today and therefore the issue had been resolved. In terms of Performance Management, this action was still ongoing, but should be completed by the next Committee in April 2022.

In relation to Information Technology (IT) and the considerable effort to ensure that officers had the correct technology resources, were trained to work from home, and facilitate and attend remote meetings, Members queried if Veritau had undertaken checks in this area of work. It was confirmed that audit work was due to commence on IT, to look at the effective management of those assets, and once the audit had been completed the summary and findings would be brought to Committee in April 2022.

In terms of the Council’s counter fraud activity 2021-22 the Committee heard that there had been an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to Council suppliers. To combat this the counter fraud team were reviewing the Council’s processes for verifying changes to supplier’s details, to ensure the process was robust enough to counter the latest threats posed by fraudsters.

Members noted that the Revenue and Benefits team had benefitted from fraud awareness training sessions: in addition, two campaigns had been undertaken to raise awareness of fraud with officers and members of the public, to inform them of how to report fraud if they suspected it was taking place. The Committee were informed that in December 2021 the Chancellor had announced an additional support scheme for the hospitality and leisure sector, the counter fraud team had supported officers with pre and post payment assurance work and investigated potential suspected frauds highlighted when officers verified the applications.

The Information Governance Manager, Veritau drew the Committee’s attention to Annex 3 of the report which provided an update on Information Governance matters, to include the General Data Protection Regulation (GDPR) action plan. Members were informed that to date, 24 privacy notices had been reviewed, the relevant changes applied and once finalised would be published; and the amended Information Governance Policies had been approved and published onto the Council website. In terms of officer training, dates were in the process of being identified to provide online training sessions on subjects to include Records Management, Data Protection Rights and Principles and a new session around Data Protection Impact Assessments. A virtual law enforcement training course was now

	available for selected officers and had been specifically designed to meet the requirements of the Council.
Review of the Risk Management Strategy	<p>The Audit Manager, Veritau presented the annual report, which set out the reviewed strategy for managing risk within Selby District Council following consultation with the Leadership Team.</p> <p>It was noted that the strategy still aligned with best practice and the objectives of the Council in terms of corporate priorities, therefore the strategy remained unchanged following the review.</p> <p>Members requested that should changes be identified to the strategy during future risk management reviews that said changes be highlighted, for ease of reading, at the beginning of the report.</p> <p>Discussion took place regarding the forecast for inflation, interest rate increases, the rising cost of living and the potential for a recession that would impact on both social and political risks. Members were informed that the risk categories were there for guidance and that some risks fell into more than one category, if this was the case, the risk would be analysed and assessed, and controls would be implemented to reduce the impact of the risk.</p>
Corporate Risk Register	<p>The Committee heard that this report contained the twice-yearly update on movements within the Corporate Risk Register, which was last reported to the Committee in July 2021.</p> <p>Members noted that there was a total of 12 risks on the Council's Corporate Risk Register for 2021-2022, with no new risks being added. It was highlighted that the Local Government Reorganisation (LGR) risk had been updated to reflect the government announcement that the unitary North Yorkshire proposal had been accepted, which offered increased clarity around plans for the future.</p> <p>It was highlighted that the Economic Environment and Managing Customer Expectations risks had both reduced to a score of 6 following the latest assessments; these were as a result of a stronger than anticipated economic performance, the re-commencement of face-to-face appointments for the most vulnerable, and the return of reception provision at the Civic Centre.</p> <p>The Committee asked a number of questions in relation to the Local Government Reorganisation, the need for it to be considered as a risk and what would happen to the approved projects on which work had not commenced, as yet. The Chief Finance Officer explained that the risk lay in the Council not being able to deliver on the projects that it had said would be accomplished on the Council's Corporate Plan, and the impact this would have for the district.</p>
Counter Fraud Framework Update	<p>The Committee received an update on the review of the Council's Fraud and Corruption Policy, and the recommendation to update the policy to include specific anti-bribery provisions. The report also provided an update on progress against the actions set out in the counter fraud strategy and presented an updated counter fraud risk assessment which reflected the current fraud risks facing the Council.</p>

	<p>Members were informed that the Covid-19 pandemic had created new online opportunities for potential fraudsters to attack public sector organisations, private businesses, and members of the public. In response to the threat of cybercrime the government had introduced an improved national fraud and cybercrime reporting system to replace the Action Fraud organisation, which would increase intelligence sharing between national and local agencies to help combat fraud.</p> <p>The Committee were assured that as the Council had been responsible for administering support payments to business and residents during the pandemic, robust application processes and verification checks had been established from the onset to minimise the impact of fraudulent attempts to claim funds.</p> <p>The Committee heard that a review of the fraud risk assessment had been undertaken, and it was highlighted that two changes had been made in the risk rating. Firstly, Covid-19 grant frauds had been reduced from high risk to a medium risk due to a reduction in the number of schemes available, the value of the amounts payable, an increase in tools available to officers to verify the payments and the experience gained by officers from administering the schemes to date. The theft of assets risk had also been downgraded from a high risk to a medium risk, this was as a result of the easing of Covid-19 related restrictions and increased staff presence at Council premises.</p> <p>Members acknowledged that raising officers' awareness of fraud was key to identifying and tackling fraud, and noted that training aimed at cybersecurity awareness, and a campaign to raise awareness of bribery and corruption would be delivered to officers during the coming year.</p> <p>The Committee resolved to recommend that the Executive approve the updated Counter Fraud and Corruption Policy.</p>
Annual Governance Statement Action Plan Review 2020-21	<p>The Chief Finance Officer presented the report, which updated the Committee on progress on the Annual Governance Statement (AGS) 2020-21 Action Plan approved in September 2021.</p> <p>Members heard that the report contained two progress updates in relation to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS) and Performance Management.</p> <p>The Committee was informed that the new income management system procured from Civica to enable PCI DSS compliance had experienced delays, however, has had already been identified in an earlier item, the new system had gone "live" today and therefore the issue had been resolved.</p> <p>In terms of Performance Management, Members noted that some progress against the approved action plan had been made although the actions were on-going due to a variety of circumstances and a further revised deadline had been agreed.</p>
Procurement of External Audit for the period 2023-24 to 2027-28	<p>The Chief Finance Officer presented the report, which set out proposals for appointing the external auditor to the Council for the accounts, for the five-year period from 2023-24.</p>

	<p>The Committee were informed that the current auditor appointment arrangements covered the period up to and including the audit of the 2022-23 accounts, as the Council had opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018-19 to 2022-23.</p> <p>It was explained that the PSAA was now undertaking a procurement for the next appointing period, covering audits for 2023-24 to 2027-28, and had advised that existing councils could, if they chose to do so, opt-in to the arrangements in case the local government reorganisation (LGR) should be delayed for any reason.</p> <p>It was further explained that the section 151 Officers of all eight Councils in North Yorkshire had looked at the alternative options, and although the Council could elect to appoint its own external auditor, given the transition to a new unitary council from 1 April 2023 it had been decided that the sector-wide procurement conducted by PSAA would, on balance, deliver the best value for money and produce better outcomes for the Council.</p> <p>Members noted that if the Council wished to take advantage of the national auditor appointment arrangements, then the final decision would be taken at full Council. The Committee resolved to recommend that Council accepted the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.</p>
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The following items are due to be considered at the final meeting of the municipal year:

27 April 2022	
External Audit Strategy Memorandum	
Internal Audit, Counter Fraud & Information Governance Progress Report	
Internal Audit, Counter Fraud & Information Governance Plan 2022-23	

Constitutional Amendments	
Consideration of Internal Audit Reports	
Audit and Governance Committee Annual Report 2021-22	
Work Programme 2022-23	

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Audit Committee Work Programme 2022-23

Date of Meeting	Topic	Action Required
27 July 2022	Review of Action Log	To consider the latest Action Log
	External Audit Progress Report	To review the progress of the external auditor
	Draft Annual Governance Statement (AGS) 2021-22	To comment and note the draft Annual Governance Statement 2021-22
	Annual Report of the Head of Internal Audit 2021-22	To consider and note the Annual Report of the Head of Internal Audit 2021-22. To note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards To note the counter fraud and information governance work undertaken during the year.
	Risk Management Annual Report 2021-22	To consider and note the Risk Management Annual Report for 2021-22, and the proposed actions for 2022-23.
	Corporate Risk Register 2022-23	To review and note the Corporate Risk Register.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

28 September 2022	Review of Action Log	To consider the latest Action Log
	Local Government and Social Care Ombudsman and Corporate Complaints Annual Review Letter 2021-22	To receive the Local Government and Social Care Ombudsman Annual Review Letter 2021-22
	External Audit Completion Report 2021-22	To receive the Audit Completion Report from the external auditors
	Statement of Accounts 2021-22	To approve the Statement of Accounts for the financial year 2021-22
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Regulation of Investigatory Powers (RIPA)	To receive an update on the Regulation of Investigatory Powers
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

25 January 2023	Review of Action Log	To consider the latest Action Log
	Information Requests Annual Report 2022	To note the annual report for 2022 in relation to information requests
	External Audit Progress Report	To review the progress of the external auditor
	External Auditors Annual Report	To consider the External Auditor's Annual Report
	Corporate Risk Register	To review the Corporate Risk Register
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Counter Fraud Framework Update	To approve the revised Counter Fraud and Corruption Strategy Action Plan; and comment on and note the updated Counter Fraud Risk Assessment.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'
	Review of Annual Governance Statement Action Plan 2021-22	To review the Annual Governance Statement Action Plan 2021-22

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